



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020
OF THE CONDITION AND AFFAIRS OF THE
Blue Care Network of Michigan

NAIC Group Code05720572NAIC Company Code95610Employer's ID Number38-2359234
(Current)(Prior)

Organized under the Laws ofMichigan, State of Domicile or Port of EntryMI

Country of DomicileUnited States of America

Licensed as business type:Health Maintenance Organization

Is HMO Federally Qualified? Yes [] No [X]

Incorporated/Organized05/06/1981Commenced Business05/13/1981

Statutory Home Office20500 Civic Center DriveSouthfield, MI, US 48076
(Street and Number)(City or Town, State, Country and Zip Code)

Main Administrative Office20500 Civic Center DriveSouthfield, MI, US 48076248-799-6400
(Street and Number)(City or Town, State, Country and Zip Code)(Area Code) (Telephone Number)

Mail Address20500 Civic Center Drive MC C455Southfield, MI, US 48076
(Street and Number or P.O. Box)(City or Town, State, Country and Zip Code)

Primary Location of Books and Records20500 Civic Center DriveSouthfield, MI, US 48076313-225-9095
(Street and Number)(City or Town, State, Country and Zip Code)(Area Code) (Telephone Number)

Internet Website Addresswww.BCBSM.com

Statutory Statement ContactKenneth A. Bluhm313-225-9095
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OFFICERS

President & Chief Executive Officer	Kathryn Galardi Levine	Vice President of Finance & Treasurer	James Peter Kallas
Secretary	Sheela Rao Manyam	Chief Medical Officer	Marc Darryl Keshishian MD

OTHER

DIRECTORS OR TRUSTEES

Julie Anne Angott	Mark Robert Bartlett	William Harrison Black
David Bing	Kenneth Ray Dallafior	Sarah Winston Doyle
Valeria Ann Holmon DNP, FNP-BC	Robert Paul Kelch MD	Melvin Lyle Larsen
Kathryn Galardi Levine	Paula Jean Manderfield RN, JD	Richard Earl Posthumus
Gregory Alan Sudderth	Mary Ann Weaver	Bruce Alan Wolf D.O. #

State ofMichiganSS:
County ofOakland

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kathryn Galardi LevineJames Peter KallasSheela Rao Manyam
President & Chief Executive OfficerVice President of Finance & TreasurerSecretary

Subscribed and sworn to before me this10thday ofFebruary, 2021

Elizabeth Caroline Filips

October 5, 2021

Acting in the county of Oakland, Michigan

a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number.....
2. Date filed
3. Number of pages attached.....

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	1,695,862,052		1,695,862,052	1,520,091,526
2. Stocks (Schedule D):				
2.1 Preferred stocks	528,384		528,384	529,410
2.2 Common stocks	272,659,087		272,659,087	220,969,981
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$48,493,845 , Schedule E - Part 1), cash equivalents (\$180,783,769 , Schedule E - Part 2) and short-term investments (\$338,359,102 , Schedule DA)	567,636,716		567,636,716	595,368,434
6. Contract loans, (including \$ premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)	112,731,917		112,731,917	86,190,126
9. Receivables for securities			0	529,644
10. Securities lending reinvested collateral assets (Schedule DL)	4,713,555		4,713,555	4,424,008
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	2,654,131,711	0	2,654,131,711	2,428,103,129
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	13,827,972		13,827,972	11,699,457
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	16,967,473	686,025	16,281,448	16,509,823
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$34,569,032)	34,569,032		34,569,032	35,961,313
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	45,765,063		45,765,063	38,149,722
18.1 Current federal and foreign income tax recoverable and interest thereon	190,204		190,204	236,709
18.2 Net deferred tax asset			0	371,067
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software	535,942	535,942	0	0
21. Furniture and equipment, including health care delivery assets (\$)	10,138,537	10,138,537	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	16,845,274		16,845,274	16,572,398
24. Health care (\$89,927,174) and other amounts receivable	104,694,140	14,766,966	89,927,174	83,560,059
25. Aggregate write-ins for other than invested assets	1,118,541	362,073	756,468	18,065,770
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,898,783,889	26,489,543	2,872,294,346	2,649,229,447
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	2,898,783,889	26,489,543	2,872,294,346	2,649,229,447
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Prepaid expenses	362,073	362,073	0	0
2502. Modified reinsurance experience adjustment	756,468		756,468	18,065,770
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	1,118,541	362,073	756,468	18,065,770

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$ 45,373 reinsurance ceded)	387,792,204	10,277,110	398,069,314	406,563,636
2. Accrued medical incentive pool and bonus amounts	105,473,494		105,473,494	87,304,309
3. Unpaid claims adjustment expenses	9,722,430		9,722,430	10,391,641
4. Aggregate health policy reserves, including the liability of \$ 22,265,405 for medical loss ratio rebate per the Public Health Service Act	113,140,472		113,140,472	106,978,806
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	101,823,315		101,823,315	100,869,477
9. General expenses due or accrued	31,226,347		31,226,347	37,005,159
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	1,321,741
12. Amounts withheld or retained for the account of others	1,089,095		1,089,095	923,647
13. Remittances and items not allocated	5,930		5,930	0
14. Borrowed money (including \$ current) and interest thereon \$ 44,625 (including \$ 44,625 current)	50,044,625		50,044,625	50,044,625
15. Amounts due to parent, subsidiaries and affiliates	89,796,233		89,796,233	72,419,328
16. Derivatives			0	0
17. Payable for securities	8,897,585		8,897,585	4,643,603
18. Payable for securities lending	4,713,555		4,713,555	4,424,008
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$ companies)			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	42,756,530		42,756,530	32,842,579
23. Aggregate write-ins for other liabilities (including \$ current)	7,017,740	0	7,017,740	4,573,445
24. Total liabilities (Lines 1 to 23)	953,499,555	10,277,110	963,776,665	920,306,004
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	45,500,000
26. Common capital stock	XXX	XXX	10,000	10,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	15,703,045	15,703,045
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	1,892,804,636	1,667,710,398
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	1,908,517,681	1,728,923,443
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	2,872,294,346	2,649,229,447
DETAILS OF WRITE-INS				
2301. Escheats	5,333,467		5,333,467	4,573,445
2302. Premium Refunds	1,684,273		1,684,273	
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	7,017,740	0	7,017,740	4,573,445
2501. Reserve for ACA Fee due in 2020	XXX	XXX		45,500,000
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	45,500,000
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	8,663,457	8,928,617
2. Net premium income (including \$ non-health premium income)	XXX	4,097,146,131	4,268,889,775
3. Change in unearned premium reserves and reserve for rate credits	XXX	(2,695,873)	(16,544,222)
4. Fee-for-service (net of \$ medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	31,433	40,111
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	4,094,481,691	4,252,385,664
Hospital and Medical:			
9. Hospital/medical benefits	30,393,816	2,347,511,559	2,547,907,819
10. Other professional services	2,065,293	171,062,442	163,048,640
11. Outside referrals	77,181,629	77,181,629	82,701,909
12. Emergency room and out-of-area	4,331,637	206,371,555	235,315,458
13. Prescription drugs		511,469,743	504,363,726
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		90,660,430	77,305,688
16. Subtotal (Lines 9 to 15)	113,972,375	3,404,257,358	3,610,643,240
Less:			
17. Net reinsurance recoveries		(12,504)	7,388,908
18. Total hospital and medical (Lines 16 minus 17)	113,972,375	3,404,269,862	3,603,254,332
19. Non-health claims (net)			0
20. Claims adjustment expenses, including \$75,732,749 cost containment expenses		160,422,951	155,332,863
21. General administrative expenses		481,755,761	473,465,009
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		4,258,801	35,500,000
23. Total underwriting deductions (Lines 18 through 22)	113,972,375	4,050,707,375	4,267,552,204
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	43,774,316	(15,166,540)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		51,318,758	65,848,376
26. Net realized capital gains (losses) less capital gains tax of \$		37,563,534	24,152,094
27. Net investment gains (losses) (Lines 25 plus 26)	0	88,882,292	90,000,470
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	132,656,607	74,833,930
31. Federal and foreign income taxes incurred	XXX	301,832	87,339
32. Net income (loss) (Lines 30 minus 31)	XXX	132,354,775	74,746,591
DETAILS OF WRITE-INS			
0601. Other Revenue	XXX	31,433	40,111
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	31,433	40,111
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	1,728,923,443	1,609,353,975
34. Net income or (loss) from Line 32	132,354,775	74,746,591
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	47,388,505	38,714,464
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(371,067)	371,067
39. Change in nonadmitted assets	222,025	5,737,346
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	179,594,238	119,569,468
49. Capital and surplus end of reporting period (Line 33 plus 48)	1,908,517,681	1,728,923,443
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	0	0

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	4,098,222,317	4,256,005,380
2. Net investment income	62,289,392	69,726,754
3. Miscellaneous income	31,433	40,111
4. Total (Lines 1 through 3)	4,160,543,142	4,325,772,245
5. Benefit and loss related payments	3,413,837,465	3,612,044,644
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	643,883,831	601,608,971
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	255,327	201,504
10. Total (Lines 5 through 9)	4,057,976,623	4,213,855,119
11. Net cash from operations (Line 4 minus Line 10)	102,566,518	111,917,126
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,855,664,752	1,557,719,217
12.2 Stocks	84,364,172	86,865,971
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	25,361,067	10,063,218
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(1,512,590)	(272,120)
12.7 Miscellaneous proceeds	4,783,626	4,839,018
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,968,661,027	1,659,215,304
13. Cost of investments acquired (long-term only):		
13.1 Bonds	2,012,730,450	1,628,491,542
13.2 Stocks	101,448,311	74,036,099
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	31,846,147	24,763,401
13.6 Miscellaneous applications	289,547	4,424,008
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,146,314,455	1,731,715,050
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(177,653,428)	(72,499,746)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	47,355,191	43,068,857
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	47,355,191	43,068,857
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(27,731,718)	82,486,237
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	595,368,434	512,882,197
19.2 End of year (Line 18 plus Line 19.1)	567,636,716	595,368,434

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	4,097,146,131	2,943,890,862	31,123,883			112,648,127	1,009,483,259			
2. Change in unearned premium reserves and reserve for rate credit	(2,695,873)	(2,695,886)	(11)				24			
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	31,433	31,433	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	4,094,481,691	2,941,226,409	31,123,872	0	0	112,648,127	1,009,483,283	0	0	0
8. Hospital/medical benefits	2,347,511,559	1,571,934,112	18,155,756			69,400,640	688,021,051			XXX
9. Other professional services	171,062,442	111,944,226	760,598			4,932,232	53,425,386			XXX
10. Outside referrals	77,181,629	52,054,785	832,378			2,293,041	22,001,425			XXX
11. Emergency room and out-of-area	206,371,555	155,253,747	1,095,808			6,554,688	43,467,312			XXX
12. Prescription drugs	511,469,743	436,607,665				19,232,797	55,629,281			XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	90,660,430	61,229,415				2,697,188	26,733,827			XXX
15. Subtotal (Lines 8 to 14)	3,404,257,358	2,389,023,950	20,844,540	0	0	105,110,586	889,278,282	0	0	XXX
16. Net reinsurance recoveries	(12,504)	(12,504)								XXX
17. Total medical and hospital (Lines 15 minus 16)	3,404,269,862	2,389,036,454	20,844,540	0	0	105,110,586	889,278,282	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$75,732,750 cost containment expenses	160,422,951	120,015,628	1,576,982			3,967,585	34,862,756			
20. General administrative expenses	481,755,761	376,640,150	4,406,239			9,861,620	90,847,752			
21. Increase in reserves for accident and health contracts	4,258,801						4,258,801			XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	4,050,707,375	2,885,692,232	26,827,761	0	0	118,939,791	1,019,247,591	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	43,774,316	55,534,177	4,296,111	0	0	(6,291,664)	(9,764,308)	0	0	0
DETAILS OF WRITE-INS										
0501. Miscellaneous Revenue	31,433	31,433								XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	31,433	31,433	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	2,942,931,972		(958,889)	2,943,890,861
2. Medicare Supplement	31,123,883			31,123,883
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	112,624,295		(23,832)	112,648,127
6. Title XVIII - Medicare	1,014,863,253		5,379,993	1,009,483,260
7. Title XIX - Medicaid	0			0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	4,101,543,403	0	4,397,272	4,097,146,131
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	4,101,543,403	0	4,397,272	4,097,146,131

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	3,348,526,759	2,358,274,514	21,049,643			102,016,254	867,186,348			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	7,180,537	7,180,537								
1.4 Net	3,341,346,222	2,351,093,977	21,049,643	0	0	102,016,254	867,186,348	0	0	0
2. Paid medical incentive pools and bonuses	72,491,245	46,287,631				2,156,647	24,046,967			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	398,114,687	289,913,713	2,073,628	0	0	8,009,015	98,118,331	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	45,373	45,373	0	0	0	0	0	0	0	0
3.4 Net	398,069,314	289,868,340	2,073,628	0	0	8,009,015	98,118,331	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	105,473,494	75,118,280				3,411,856	26,943,358			
6. Net healthcare receivables (a)	19,242,468	17,336,427					1,906,041			
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	413,802,050	303,057,265	2,278,731	0	0	7,611,871	100,854,183	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	7,238,414	7,238,414	0	0	0	0	0	0	0	0
8.4 Net	406,563,636	295,818,851	2,278,731	0	0	7,611,871	100,854,183	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	87,304,309	60,176,496	0	0	0	2,871,315	24,256,498	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred Benefits:										
12.1 Direct	3,313,596,928	2,327,794,535	20,844,540	0	0	102,413,398	862,544,455	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	(12,504)	(12,504)	0	0	0	0	0	0	0	0
12.4 Net	3,313,609,432	2,327,807,039	20,844,540	0	0	102,413,398	862,544,455	0	0	0
13. Incurred medical incentive pools and bonuses	90,660,430	61,229,415	0	0	0	2,697,188	26,733,827	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	139,055,218	103,735,088	742,089			2,866,183	31,711,858			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	139,055,218	103,735,088	742,089	0	0	2,866,183	31,711,858	0	0	0
2. Incurred but Unreported:										
2.1 Direct	249,115,660	176,234,816	1,331,539			5,142,832	66,406,473			
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	45,373	45,373								
2.4 Net	249,070,287	176,189,443	1,331,539	0	0	5,142,832	66,406,473	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	9,943,809	9,943,809								
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	9,943,809	9,943,809	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	398,114,687	289,913,713	2,073,628	0	0	8,009,015	98,118,331	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	45,373	45,373	0	0	0	0	0	0	0	0
4.4 Net	398,069,314	289,868,340	2,073,628	0	0	8,009,015	98,118,331	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	280,529,616	2,070,564,360	1,984,958	287,883,382	282,514,574	295,818,851
2. Medicare Supplement	2,217,325	18,832,319	2,194	2,071,434	2,219,519	2,278,731
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan	8,388,973	93,627,281	60,782	7,948,233	8,449,755	7,611,871
6. Title XVIII - Medicare	90,055,326	777,131,022	190,680	97,927,651	90,246,006	100,854,183
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	381,191,240	2,960,154,982	2,238,614	395,830,700	383,429,854	406,563,636
10. Healthcare receivables (a)		104,694,141			0	85,451,673
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	71,780,733	710,512	2,324,667	103,148,827	74,105,400	87,304,309
13. Totals (Lines 9 - 10 + 11 + 12)	452,971,973	2,856,171,353	4,563,281	498,979,527	457,535,254	408,416,272

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2016	2 2017	3 2018	4 2019	5 2020
1.	Prior	274,103	276,421	276,596	276,443	276,441
2.	2016	1,749,208	2,010,827	2,012,314	2,012,795	2,012,793
3.	2017	XXX	1,765,911	2,021,067	2,022,526	2,022,721
4.	2018	XXX	XXX	2,082,873	2,408,232	2,411,458
5.	2019	XXX	XXX	XXX	2,223,147	2,545,858
6.	2020	XXX	XXX	XXX	XXX	2,071,254

Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2016	2 2017	3 2018	4 2019	5 2020
1.	Prior	278,883	276,486	276,596	276,443	276,441
2.	2016	2,033,752	2,016,961	2,012,314	2,012,795	2,012,793
3.	2017	XXX	2,038,627	2,023,617	2,022,526	2,022,721
4.	2018	XXX	XXX	2,435,763	2,412,310	2,411,458
5.	2019	XXX	XXX	XXX	2,575,064	2,549,959
6.	2020	XXX	XXX	XXX	XXX	2,432,139

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1.	2016	2,439,748	2,012,793	117,085	5.8	2,129,878	87.3			2,129,878	87.3
2.	2017	2,522,839	2,022,721	106,407	5.3	2,129,128	84.4			2,129,128	84.4
3.	2018	3,078,672	2,411,458	127,480	5.3	2,538,938	82.5			2,538,938	82.5
4.	2019	3,030,150	2,545,858	117,662	4.6	2,663,520	87.9	4,101	727	2,668,348	88.1
5.	2020	2,941,195	2,071,254	103,295	5.0	2,174,549	73.9	360,886	6,353	2,541,788	86.4

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Medicare Supplement

Year in Which Losses Were Incurred						Cumulative Net Amounts Paid				
						1 2016	2 2017	3 2018	4 2019	5 2020
1.	Prior					2,467	2,471	2,468	2,465	2,466
2.	2016					20,531	23,217	23,248	23,249	23,247
3.	2017					XXX	21,416	24,285	24,282	24,281
4.	2018					XXX	XXX	21,560	23,821	23,828
5.	2019					XXX	XXX	XXX	21,014	23,226
6.	2020					XXX	XXX	XXX	XXX	18,832

Section B - Incurred Health Claims - Medicare Supplement

Year in Which Losses Were Incurred						Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
						1 2016	2 2017	3 2018	4 2019	5 2020
1.	Prior					2,484	2,471	2,468	2,465	2,466
2.	2016					23,552	23,233	23,248	23,249	23,247
3.	2017					XXX	24,182	24,289	24,282	24,281
4.	2018					XXX	XXX	23,884	23,823	23,828
5.	2019					XXX	XXX	XXX	23,291	23,228
6.	2020					XXX	XXX	XXX	XXX	20,904

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Medicare Supplement

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1.	2016	33,764	23,247	1,328	5.7	24,575	72.8			24,575	72.8
2.	2017	34,894	24,281	1,444	5.9	25,725	73.7			25,725	73.7
3.	2018	34,904	23,828	1,781	7.5	25,609	73.4			25,609	73.4
4.	2019	33,698	23,226	1,711	7.4	24,937	74.0	2	5	24,944	74.0
5.	2020	31,124	18,832	1,361	7.2	20,193	64.9	2,072	45	22,310	71.7

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2016	2 2017	3 2018	4 2019	5 2020
1.	Prior	10,079	10,088	10,086	10,074	10,074
2.	2016	76,284	88,537	88,685	88,704	88,706
3.	2017	XXX	90,519	99,236	99,360	99,363
4.	2018	XXX	XXX	94,615	104,121	104,265
5.	2019	XXX	XXX	XXX	95,168	105,543
6.	2020	XXX	XXX	XXX	XXX	93,648

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2016	2 2017	3 2018	4 2019	5 2020
1.	Prior	10,276	10,088	10,086	10,074	10,074
2.	2016	84,875	88,782	88,685	88,704	88,706
3.	2017	XXX	100,007	99,332	99,360	99,363
4.	2018	XXX	XXX	105,431	104,272	104,265
5.	2019	XXX	XXX	XXX	105,499	105,700
6.	2020	XXX	XXX	XXX	XXX	104,912

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefits Plan Premium

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1.	2016	95,200	88,706	4,834	5.4	93,540	98.3			93,540	98.3
2.	2017	110,312	99,363	4,810	4.8	104,173	94.4			104,173	94.4
3.	2018	116,577	104,265	5,187	5.0	109,452	93.9			109,452	93.9
4.	2019	110,183	105,543	4,556	4.3	110,099	99.9	157	20	110,276	100.1
5.	2020	112,648	93,648	4,153	4.4	97,801	86.8	11,264	176	109,241	97.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2016	2 2017	3 2018	4 2019	5 2020
1.	Prior	87,260	87,609	87,584	87,585	87,587
2.	2016	640,407	742,831	742,947	742,894	742,885
3.	2017	XXX	705,896	801,309	801,343	801,265
4.	2018	XXX	XXX	786,173	904,924	903,927
5.	2019	XXX	XXX	XXX	818,564	933,749
6.	2020	XXX	XXX	XXX	XXX	777,131

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2016	2 2017	3 2018	4 2019	5 2020
1.	Prior	88,941	87,614	87,584	87,585	87,587
2.	2016	743,523	744,943	742,947	742,894	742,885
3.	2017	XXX	813,741	805,398	801,343	801,265
4.	2018	XXX	XXX	902,114	905,164	903,927
5.	2019	XXX	XXX	XXX	943,435	934,052
6.	2020	XXX	XXX	XXX	XXX	901,890

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2016	829,860	742,885	24,198	3.3	767,083	92.4			767,083	92.4
2. 2017	912,247	801,265	28,526	3.6	829,791	91.0			829,791	91.0
3. 2018	1,008,986	903,927	40,162	4.4	944,089	93.6			944,089	93.6
4. 2019	1,078,315	933,749	33,598	3.6	967,347	89.7	303	242	967,892	89.8
5. 2020	1,009,483	777,131	30,359	3.9	807,490	80.0	124,759	2,155	934,404	92.6

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred						Cumulative Net Amounts Paid				
						1 2016	2 2017	3 2018	4 2019	5 2020
1.	Prior					373,909	376,589	376,734	376,567	376,568
2.	2016					2,486,430	2,865,412	2,867,194	2,867,642	2,867,631
3.	2017					XXX	2,583,742	2,945,897	2,947,511	2,947,630
4.	2018					XXX	XXX	2,985,221	3,441,098	3,443,478
5.	2019					XXX	XXX	XXX	3,157,893	3,608,376
6.	2020					XXX	XXX	XXX	XXX	2,960,865

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred						Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
						1 2016	2 2017	3 2018	4 2019	5 2020
1.	Prior					380,584	376,659	376,734	376,567	376,568
2.	2016					2,885,702	2,873,919	2,867,194	2,867,642	2,867,631
3.	2017					XXX	2,976,557	2,952,636	2,947,511	2,947,630
4.	2018					XXX	XXX	3,467,192	3,445,569	3,443,478
5.	2019					XXX	XXX	XXX	3,647,289	3,612,939
6.	2020					XXX	XXX	XXX	XXX	3,459,845

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1.	2016	3,398,572	2,867,631	147,445	5.1	3,015,076	88.7	0	0	3,015,076	88.7
2.	2017	3,580,292	2,947,630	141,187	4.8	3,088,817	86.3	0	0	3,088,817	86.3
3.	2018	4,239,139	3,443,478	174,610	5.1	3,618,088	85.3	0	0	3,618,088	85.3
4.	2019	4,252,346	3,608,376	157,527	4.4	3,765,903	88.6	4,563	994	3,771,460	88.7
5.	2020	4,094,450	2,960,865	139,168	4.7	3,100,033	75.7	498,981	8,729	3,607,743	88.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	229,666	229,109	351				206		
2. Additional policy reserves (a)	39,758,801						39,758,801		
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	22,265,405	22,265,405							
5. Aggregate write-ins for other policy reserves	50,886,600	50,886,600	0	0	0	0	0	0	0
6. Totals (gross)	113,140,472	73,381,114	351	0	0	0	39,759,007	0	0
7. Reinsurance ceded	0								
8. Totals (Net)(Page 3, Line 4)	113,140,472	73,381,114	351	0	0	0	39,759,007	0	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. ACA Risk Adjustment Liability	50,886,600	50,886,600							
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	50,886,600	50,886,600	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$39,758,801 premium deficiency reserve.

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ for occupancy of own building)	956,159	2,309,747	9,190,804	21,150	12,477,861
2. Salary, wages and other benefits	32,473,658	54,993,945	143,546,355	1,147,199	232,161,157
3. Commissions (less \$ ceded plus \$ assumed)	0	0	88,140,210	0	88,140,210
4. Legal fees and expenses	0	0	2,135,614	0	2,135,614
5. Certifications and accreditation fees	626,297	0	0	0	626,297
6. Auditing, actuarial and other consulting services	9,755,951	586,291	29,194,458	17,885	39,554,585
7. Traveling expenses	213,385	206,429	1,869,749	7,368	2,296,930
8. Marketing and advertising	356,948	2,597	7,019,314	0	7,378,860
9. Postage, express and telephone	860,705	3,357,149	3,055,107	1,172	7,274,133
10. Printing and office supplies	939,942	52,329	1,643,655	1,053	2,636,979
11. Occupancy, depreciation and amortization	0	0	12,533,427	0	12,533,427
12. Equipment	0	0	0	0	0
13. Cost or depreciation of EDP equipment and software	1,910,914	5,271,386	45,637,159	419,312	53,238,771
14. Outsourced services including EDP, claims, and other services	32,881,338	22,855,954	77,664,230	262,870	133,664,392
15. Boards, bureaus and association fees	311,403	6,420	4,161,337	8,770	4,487,931
16. Insurance, except on real estate	0	0	1,731,138	0	1,731,138
17. Collection and bank service charges	0	0	0	4,152,788	4,152,788
18. Group service and administration fees	0	0	0	0	0
19. Reimbursements by uninsured plans	(7,155,063)	(7,883,828)	(30,975,866)	0	(46,014,757)
20. Reimbursements from fiscal intermediaries	0	0	0	0	0
21. Real estate expenses	0	0	0	0	0
22. Real estate taxes	0	0	1,049,411	0	1,049,411
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	0	0	18,014,985	0	18,014,985
23.2 State premium taxes	0	0	0	0	0
23.3 Regulatory authority licenses and fees	0	0	59,558,806	0	59,558,806
23.4 Payroll taxes	1,601,112	2,931,782	6,585,869	0	11,118,763
23.5 Other (excluding federal income and real estate taxes)	0	0	0		0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25)	75,732,749	84,690,202	481,755,761	6,039,567	(a) .....648,218,280
27. Less expenses unpaid December 31, current year ..	220	9,722,210	31,226,347		40,948,777
28. Add expenses unpaid December 31, prior year	367	10,391,274	37,005,159	0	47,396,800
29. Amounts receivable relating to uninsured plans, prior year	7,322,538	7,196,643	23,630,541	0	38,149,722
30. Amounts receivable relating to uninsured plans, current year	7,116,237	7,841,047	30,807,779		45,765,063
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	75,526,595	86,003,670	494,711,811	6,039,567	662,281,644
DETAILS OF WRITE-INS					
2501.					
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$515,854,546 to affiliates and \$ to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds	(a) .....9,098,146	.....8,944,433
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....34,139,360	.....35,752,230
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....52,882	.....52,882
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....5,503,018	.....5,458,664
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5	Contract Loans .....	.....	.....
6	Cash, cash equivalents and short-term investments	(e) .....6,441,177	.....7,097,586
7	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....982,571	.....982,571
9.	Aggregate write-ins for investment income .....	.....30,230	.....30,709
10.	Total gross investment income	56,247,384	58,319,075
11.	Investment expenses		(g) .....6,039,567
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) .....0
13.	Interest expense		(h) .....960,750
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....7,000,317
17.	Net investment income (Line 10 minus Line 16)		51,318,758
DETAILS OF WRITE-INS			
0901.	Security Lending .....	.....30,230	.....30,709
0902.	.....	
0903.	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	30,230	30,709
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$2,013,164 accrual of discount less \$15,112,313 amortization of premium and less \$9,638,768 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$1,469,109 accrual of discount less \$5,373,572 amortization of premium and less \$6,153,478 paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$.6,039,567 investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	19,069,418	0	19,069,418	65,350	0
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	28,438,423	(15,765,697)	12,672,726	(3,517)	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	58,219	(121,216)	(62,997)	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	20,706,186	(16,996,999)	3,709,187	30,957,751	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans		0	0	0	0
4.	Real estate		0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	(1,459,061)	(51,453)	(1,510,514)	(2,076)	
7.	Derivative instruments			0		
8.	Other invested assets	3,685,714	0	3,685,714	16,370,997	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	70,498,899	(32,935,365)	37,563,534	47,388,505	0
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)		0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks		0	0
2.2 Common stocks		0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens		0	0
3.2 Other than first liens		0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company		0	0
4.2 Properties held for the production of income		0	0
4.3 Properties held for sale		0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)		0	0
6. Contract loans		0	0
7. Derivatives (Schedule DB)		0	0
8. Other invested assets (Schedule BA)		0	0
9. Receivables for securities		0	0
10. Securities lending reinvested collateral assets (Schedule DL)		0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)		0	0
14. Investment income due and accrued		0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	686,025	1,302,466	616,441
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due		0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination		0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers		0	0
16.2 Funds held by or deposited with reinsured companies		0	0
16.3 Other amounts receivable under reinsurance contracts		0	0
17. Amounts receivable relating to uninsured plans		0	0
18.1 Current federal and foreign income tax recoverable and interest thereon		0	0
18.2 Net deferred tax asset		0	0
19. Guaranty funds receivable or on deposit		0	0
20. Electronic data processing equipment and software	535,942	2,001,522	1,465,580
21. Furniture and equipment, including health care delivery assets	10,138,537	20,777,652	10,639,115
22. Net adjustment in assets and liabilities due to foreign exchange rates		0	0
23. Receivable from parent, subsidiaries and affiliates		0	0
24. Health care and other amounts receivable	14,766,966	1,891,614	(12,875,352)
25. Aggregate write-ins for other than invested assets	362,073	738,314	376,241
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	26,489,543	26,711,568	222,025
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0
28. Total (Lines 26 and 27)	26,489,543	26,711,568	222,025
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Prepaid expenses	362,073	738,314	376,241
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	362,073	738,314	376,241

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	745,471	735,770	726,399	714,924	704,385	8,663,457
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	745,471	735,770	726,399	714,924	704,385	8,663,457
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The financial statements of Blue Care Network of Michigan (BCN) are presented on the basis of accounting practices required by the Michigan Department of Insurance and Financial Services (DIFS).

DIFS has adopted the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* and the related *NAIC Annual Statement Instructions* (NAIC SAP) for determining and reporting the financial condition and results of operations of an insurance company. DIFS requires the use of NAIC SAP to the extent that practices, procedures, and reporting standards are not modified by the Michigan Insurance Code or by the DIFS *Forms and Instructions for Required Filings in Michigan* as prescribed or permitted practices.

A reconciliation of BCN's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

	SSAP #	F/S Page	F/S Line #	2020	2019
NET INCOME					
(1) Blue Care Network of Michigan state basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ 132,354,775	\$ 74,746,591
(2) State Prescribed Practices that are an increase / (decrease) from NAIC SAP: None				-	-
(3) State Permitted Practices that are an increase / (decrease) from NAIC SAP: None				-	-
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	<u>\$ 132,354,775</u>	<u>\$ 74,746,591</u>
SURPLUS					
(5) Blue Care Network of Michigan state basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 1,908,517,681	\$ 1,728,923,443
(6) State Prescribed Practices that are an increase / (decrease) from NAIC SAP: None				-	-
(7) State Permitted Practices that are an increase / (decrease) from NAIC SAP: None				-	-
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$ 1,908,517,681</u>	<u>\$ 1,728,923,443</u>

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of statutory-basis financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory-basis financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates include assumptions used in amounts recorded relating to the Affordable Care Act (ACA); liabilities for unpaid claims, specifically IBNR; premium deficiency reserves and litigation-related contingencies.

C. Accounting Policy

Revenues – Premiums, which generally are billed in advance, are recognized as revenue during the respective periods of coverage. Premiums applicable to the unexpired portion of coverage are reflected in the accompanying statutory-basis statements of Admitted Assets, Liabilities, Capital and Surplus as Aggregate health policy reserves. Premiums received in advance of the billing due date are recorded as premiums received in advance.

Revenue from self-funded administrative services only (ASO) primarily consists of administrative fees for services provided, such as management of medical services, claims processing, and access to provider networks. Under ASO arrangements, self-funded groups retain the primary underwriting risk of paying claims. Amounts due from ASO groups are equal to the amounts required to pay claims and administrative fees. Administrative fees are earned as services are performed and are calculated based on the number of members in a group or the group's claim experience. Since benefit expenses for ASO arrangements are not the responsibility of BCN, claims paid by BCN and the corresponding receipt of claim payments are not reported in the accompanying Statement of Revenue and Expenses.

For the years ended December 31, 2020 and 2019, administrative fee revenues of \$46,014,757 and \$46,280,770, respectively, related to ASO arrangements are included as a reduction in general administrative expenses, cost containment expenses, and other claim adjustment expenses.

NOTES TO FINANCIAL STATEMENTS

BCN follows the accounting policies below:

- (1) Cash Equivalents and Short-term investments include commercial paper, certificates of deposits, monthly market mutual funds and other readily marketable investments with initial maturities less than one year for short-term investments and three months or less for cash equivalents. In general, cash equivalents and short-term investments are recorded at amortized cost, which approximates market value. Money market mutual funds are recorded at fair value or net asset value (NAV) per share.
- (2) Bonds not backed by other loans – that have a NAIC designation of one or two are stated at amortized cost using the scientific interest method. Bonds with a NAIC designation of three to six are carried at the lower of amortized cost or fair market value. BCN has not elected to use the Systematic approach for their SVO identified investments.
- (3) Common stocks – stated at fair value. Changes in unrealized appreciation and depreciation in the value of common stocks are reflected as direct increases or decreases in surplus.
- (4) Preferred stocks – redeemable preferred stocks are stated at book value for NAIC classes one and two and lower of book value or market for NAIC classes three through six. Perpetual preferred stocks are stated at fair value for NAIC classes one and two and lower of book value or market for NAIC classes three through six. Changes in unrealized appreciation and depreciation in the value of preferred stocks are reflected as direct increases or decreases in surplus.
- (5) Mortgage loans on real estate – NOT APPLICABLE
- (6) Loan-backed securities – stated at amortized cost. Premiums and discounts on loan-backed securities and structured securities are amortized using the retrospective method based on anticipated prepayments at the date of purchase. Prepayment assumptions are obtained from broker dealer survey values or internal estimates. Changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method. Should the present value of anticipated cash flows collected be less than the amortized cost basis, a determination will be made on whether the decline in value is other-than-temporary. If BCN has the ability and intent to hold the security to maturity, but does not expect recovery of the carrying value, the credit portion of the decline is recognized as an impairment loss.
- (7) Investments in subsidiaries, controlled and affiliated entities – NOT APPLICABLE
- (8) Investments in joint ventures, partnerships and limited liability companies – BCN has ownership interests in partnerships and limited liability companies. BCN carries these investments based on the underlying U.S. GAAP equity of the investee. Such investments are included in the other invested assets line of the Assets page.
- (9) Derivatives – NOT APPLICABLE
- (10) Investment income in premium deficiency calculation – BCN used anticipated investment income as part of the premium deficiency actuarial estimate calculation.
- (11) Claims unpaid – The claims unpaid liability for incurred but unpaid and unreported claims is accrued in the period during which the services are provided and includes actuarial estimates of services performed that have not been reported to BCN by providers. Such estimates are based on historical claims experience modified for current trends and changes in benefits provided. Revisions in actuarial estimates are reported in the period in which they arise. BCN has reinsured certain components of its claims liabilities. Processing expense related to unpaid claims is accrued based on an estimate of cost to process such claims.
- (12) Fixed asset capitalization – BCN had no change in its fixed asset capitalization policy from the prior period.
- (13) Pharmaceutical rebate receivables – BCN receives pharmaceutical rebates from third-party pharmacy benefit managers. Rebate accruals are calculated using recent history of rebates received to develop an estimate.

D. Going Concern

Management has evaluated BCN's ability to continue as a going concern and does not have any substantial doubt about BCN's ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors – NOT APPLICABLE

3. Business Combinations and Goodwill – NOT APPLICABLE

4. Discontinued Operations – NOT APPLICABLE

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans – NOT APPLICABLE

B. Debt Restructuring – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

C. Reverse Mortgages – NOT APPLICABLE

D. Loan-Backed Securities

- (1) Loan-backed securities designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) are reported at amortized cost; securities that are designated medium quality, low quality, lowest quality and in or near default (NAIC designations 3 to 6, respectively) shall be reported at the lower of amortized cost or fair value. Premiums and discounts on loan-backed bonds and structured securities are amortized using the retrospective method based on anticipated prepayments at the date of purchase. Prepayment assumptions are obtained from broker-dealer survey values or internal estimates. Changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method.
- (2) Other-Than-Temporary Impairment of Loan-Backed and Structured Securities – NOT APPLICABLE
- (3) Other-Than-Temporary Impairment of Loan-Backed and Structured Securities by CUSIP – NOT APPLICABLE
- (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):
- a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$	(75,651)
2. 12 Months or Longer	\$	-
 - b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$	20,568,322
2. 12 Months or Longer	\$	-
- (5) Because BCN has determined the investments, noted in (4)b above, have not been subject to credit losses and BCN does not have the intent to sell the securities and has the ability to hold such securities, BCN does not consider these investments to be other-than-temporarily impaired.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

- (1) Policy for Requiring Collateral or Other Security – In the normal course of business, BCN participates in security lending agreements with a custodian bank. Under the agreement, BCN lends equity and bond securities in exchange for collateral, approximating at least 102% of the value of the securities loaned. Cash collateral is invested by the custodian bank in a money market fund and the offsetting collateral liability is included in Collateral from Lending activities. BCN's non-cash collateral is in the form of U.S. Treasury and U.S. agency securities. The security lending agreements are primarily overnight in nature and subject to renewal or termination. The fair value of the cash and non-cash collateral at December 31, 2020 is \$4,713,555 and \$10,237,471, respectively.
- (2) Disclose the Carrying Amount and Classification of Both Assets and Liabilities – BCN has no pledged assets under its security lending transaction agreement.
- (3) Collateral Received

a. Aggregate Amount Collateral Received	Fair Value
1. Securities Lending	
(a) Open	\$ 4,713,555
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	\$ 4,713,555
(g) Securities Received	
(h) Total Collateral Received	\$ 4,713,555
2. Dollar Repurchase Agreement	
(a) Open	\$ -
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	\$ -
(g) Securities Received	
(h) Total Collateral Received	\$ -

- b. The fair value of that collateral and the portion of that collateral that has been sold or re-pledged. Of the \$4,713,555 collateral received, none has been sold or re-pledged at December 31, 2020.

NOTES TO FINANCIAL STATEMENTS

- c. Information about Sources and Uses of Collateral – BCN receives cash and noncash collateral in an amount in excess of the fair value of the securities lent. BCN reinvests the cash collateral into a money market fund.

(4) Securities lending transactions administered by an affiliated agent – NOT APPLICABLE

(5) Collateral Reinvestment

a. Aggregate Amount Collateral Reinvested	Amortized Cost	Fair Value
1. Securities Lending		
(a) Open	\$ 4,713,555	\$ 4,713,555
(b) 30 Days or Less		
(c) 31 to 60 Days		
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total	\$ 4,713,555	\$ 4,713,555
(l) Securities Received		
(m) Total Collateral Reinvested	\$ 4,713,555	\$ 4,713,555
2. Dollar Repurchase Agreement		
(a) Open	\$ -	\$ -
(b) 30 Days or Less		
(c) 31 to 60 Days		
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total	\$ -	\$ -
(l) Securities Received		
(m) Total Collateral Reinvested	\$ -	\$ -

- b. Explanation of Additional Sources of Liquidity for Maturity Date Mismatches – NOT APPLICABLE.
BCN has re-invested the cash collateral (Collateral to be returned) in a Money Market Mutual Fund with no specified maturity date and can be returned at any time.

(6) Detail on Collateral Transactions Not Permitted by Contract or Custom to Sell or Repledge
By contract, BCN through its custodian bank, is allowed to sell collateral received if borrowers are in default.

(7) Collateral for Securities Lending transactions that extend beyond one year from the reporting date – NOT APPLICABLE

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing – NOT APPLICABLE

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – NOT APPLICABLE

H. Repurchase Agreements Transactions Accounted for as a Sale – NOT APPLICABLE

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale – NOT APPLICABLE

J. Real Estate – NOT APPLICABLE

K. Low-Income Housing Tax Credits (LIHTC) – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

1. Restricted Assets (Including Pledged)

	1	2	3	4	5	6	7
Restricted Asset Category	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase / (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Admitted Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%	0.000%
b. Collateral held under security lending agreements	4,713,555	4,424,008	289,547	-	4,713,555	0.163%	0.164%
c. Subject to repurchase agreements							
d. Subject to reverse repurchase agreements							
e. Subject to dollar repurchase agreements							
f. Subject to dollar reverse repurchase agreements							
g. Placed under option contracts							
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock							
i. FHLB capital stock	4,205,500	4,205,500	-	-	4,205,500	0.145%	0.146%
j. On deposit with states	1,000,000	1,000,000	-	-	1,000,000	0.034%	0.035%
k. On deposit with other regulatory bodies							
l. Pledged as collateral to FHLB (including assets backing funding agreements)	56,801,929	55,488,523	1,313,406	-	56,801,929	1.960%	1.978%
m. Pledged as collateral not captured in other categories							
n. Other restricted assets	200	200	-	-	200	0.000%	0.000%
o. Total Restricted Assets	<u>\$ 66,721,184</u>	<u>\$ 65,118,231</u>	<u>\$ 1,602,953</u>	<u>\$ -</u>	<u>\$ 66,721,184</u>	<u>2.302%</u>	<u>2.323%</u>

(a) Column 1 divided by Asset Page, Column 1, Line 28

(b) Column 5 divided by Asset Page, Column 3, Line 28

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contacts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate) – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

3. Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

	1	2	3	4	5	6
Description of Assets	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Investment in BCBSM Foundation	\$ 200	\$ 200	\$ -	\$ 200	0.000%	0.000%
Total (a)	\$ 200	\$ 200	\$ -	\$ 200	0.000%	0.000%

(a) Total Line for Columns 1 through 3 should equal 5L(1)n Columns 1 through 3 respectively and Total Line for Column 4 should equal 5L(1)n Column 5

4. Collateral Received and Reflected as Assets Within the Reporting Entity’s Financial Statements

	1	2	3	4
Collateral Assets	Book/Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted) *	% of BACV to Total Admitted Assets **
a. Cash, Cash Equivalents and Short-Term Investments	\$ -	\$ -	%	%
b. Schedule D, Part 1			%	%
c. Schedule D, Part 2, Sec. 1			%	%
d. Schedule D, Part 2, Sec. 2			%	%
e. Schedule B			%	%
f. Schedule A			%	%
g. Schedule BA, Part 1			%	%
h. Schedule DL, Part 1	\$ 4,713,555	\$ 4,713,555	0.2%	0.2%
i. Other			%	%
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	\$ 4,713,555	\$ 4,713,555	0.2%	0.2%

* Column 1 divided by Asset Page, Line 26 (Column 1)

** Column 1 divided by Asset Page, Line 26 (Column 3)

	1	2
	Amount	% of Liability to Total Liabilities
k. Recognized Obligation to Return Collateral Asset	\$ 4,713,555	0.5%

* Column 1 divided by Liability Page, Line 24 (Column 3)

M. Working Capital Finance Investments – NOT APPLICABLE

N. Offsetting and Netting of Assets and Liabilities – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

O. 5GI Securities

Investment	Number of 5GI Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
(1) Bonds - AC	-	1	\$ -	\$ 182,208	\$ -	\$ 213,432
(2) Bonds - FV	-	-	-	-	-	-
(3) LB&SS - AC	-	-	-	-	-	-
(4) LB&SS - FV	-	-	-	-	-	-
(5) Preferred Stock - AC	-	-	-	-	-	-
(6) Preferred Stock - FV	-	-	-	-	-	-
Total						
(7) (1+2+3+4+5+6)	0	1	\$ -	\$ 182,208	\$ -	\$ 213,432

AC - Amortized Cost FV - Fair Value

P. Short Sales – NOT APPLICABLE

Q. Prepayment Penalty and Acceleration Fees

(1) Number of CUSIPs	106
(2) Aggregate Amount of Investment Income	\$ 4,865,986

6. Joint Ventures, Partnerships and Limited Liability Companies – NOT APPLICABLE

7. Investment Income

A. BCN non-admits investment income due and accrued if the amounts are over 90 days past due.

B. BCN admitted all accrued investment income as of December 31, 2020 and 2019.

8. Derivative Instruments – NOT APPLICABLE

9. Income Taxes

A. The components of the net deferred tax asset / (liability) at December 31, 2020 and 2019, are as follows:

1	12/31/2020			12/31/2019			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	\$ 171,540	\$ -	\$ 171,540	\$ 86,978	\$ 284,089	\$ 371,067	\$ 84,562	\$ (284,089)	\$ (199,527)
b. Statutory valuation allowance adjustments	171,540	-	171,540	-	-	-	171,540	-	171,540
c. Adjusted gross deferred tax assets (1(a) - 1(b))	-	-	-	86,978	284,089	371,067	(86,978)	(284,089)	(371,067)
d. Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
e. Subtotal net admitted deferred tax asset (1(c) - 1(d))	-	-	-	86,978	284,089	371,067	(86,978)	(284,089)	(371,067)
f. Deferred tax liabilities	-	-	-	-	-	-	-	-	-
g. Net admitted deferred tax asset / (Net deferred tax liability) (1(e) - 1(f))	\$ -	\$ -	\$ -	\$ 86,978	\$ 284,089	\$ 371,067	\$ (86,978)	\$ (284,089)	\$ (371,067)

NOTES TO FINANCIAL STATEMENTS

Federal income tax incurred for the years ended December 31, 2020 and 2019, respectively, is as follows:

	(1)	(2)	(3)
			(Col 1-2)
	12/31/2020	12/31/2019	Change
1 Current income tax:			
a. Federal	\$ (6,550)	\$ 87,339	\$ (93,889)
b. Foreign	-	-	-
c. Subtotal	(6,550)	87,339	(93,889)
d. Federal income tax on net capital gains	317,461	-	317,461
e. Utilization of capital loss carry-forwards	-	-	-
f. Other	(9,079)	-	(9,079)
g. Federal and foreign income taxes incurred	\$ 301,832	\$ 87,339	\$ 214,493

	(1)	(2)	(3)
			(Col 1-2)
	12/31/2020	12/31/2019	Change
2 Deferred Tax Assets:			
a. Ordinary			
1 Discounting of unpaid losses	\$ -	\$ -	\$ -
2 Unearned premium reserve	-	-	-
3 Policyholder reserves	-	-	-
4 Investments	-	-	-
5 Deferred acquisition costs	-	-	-
6 Policyholder dividends accrual	-	-	-
7 Fixed assets	-	-	-
8 Compensation and benefits accrual	-	-	-
9 Pension accrual	-	-	-
10 Receivables – nonadmitted	-	-	-
11 Net operating loss carry-forward	-	-	-
12 Tax credit carry-forward	-	-	-
13 Other (including items <5% of total ordinary tax assets)	171,540	86,978	84,562
99 Subtotal	171,540	86,978	84,562
b. Statutory valuation allowance adjustment	171,540	-	171,540
c. Nonadmitted	-	-	-
d. Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	-	86,978	(86,978)
e. Capital:			
1 Investments	-	-	-
2 Net capital loss carry-forward	-	284,089	(284,089)
3 Real estate	-	-	-
4 Other (including items <5% of total capital tax assets)	-	-	-
99 Subtotal	-	284,089	(284,089)
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets (2e99 - 2f - 2g)	\$ -	\$ 284,089	\$ (284,089)
i. Admitted deferred tax assets (2d + 2h)	\$ -	\$ 371,067	\$ (371,067)

	(1)	(2)	(3)
			(Col 1-2)
	12/31/2020	12/31/2019	Change
3 Deferred Tax Liabilities:			
a. Ordinary			
1 Investments	\$ -	\$ -	\$ -
2 Fixed assets	-	-	-
3 Deferred and uncollected premium	-	-	-
4 Policyholder reserves	-	-	-
5 Other (including items <5% of total ordinary tax liabilities)	-	-	-
99 Subtotal	-	-	-
b. Capital:			
1 Investments	-	-	-
2 Real estate	-	-	-
3 Other (including items <5% of total capital tax liabilities)	-	-	-
99 Subtotal	-	-	-
c. Deferred tax liabilities (3a99 + 3b99)	-	-	-
4 Net deferred tax assets/liabilities (2i – 3c)	\$ -	\$ 371,067	\$ (371,067)

D. Significant book to tax adjustments – During 2020, BCN incurred realized net capital gains of \$1,175,780 which for tax purposes, will be offset by realized capital loss carryovers from prior years of \$1,052,182, generating a net realized capital loss carryover of \$123,598 at December 31, 2020. A valuation allowance of \$171,540 has been recorded at December 31, 2020.

E. Loss carry forwards, credit carry forwards – At December 31, 2020, BCN had no operating loss or tax credit carry forward.

F. Consolidated tax filing – NOT APPLICABLE

G. Loss contingencies – NOT APPLICABLE

BCN believes that any income tax liability for uncertain tax positions will not significantly increase or decrease within the next twelve months.

H. Repatriation Transition Tax (RTT) – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

I. Alternative Minimum Tax (AMT) Credit – NOT APPLICABLE

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. On a routine basis, BCN conducts business transactions with its parent, Blue Cross Blue Shield of Michigan Mutual Insurance Company (BCBSM), and affiliates: Woodward Straits Insurance Company (WSIC), a subsidiary of BCBSM; Tessellate Holdings, LLC, a wholly owned subsidiary of Emergent Holdings, Inc. (EHI), a subsidiary of BCBSM; Accident Fund Insurance Company of America (AFICA), a subsidiary of Accident Fund Holdings, Inc. (AFHI), a subsidiary of EHI.; LifeSecure Insurance Company (LifeSecure), a subsidiary of a BCBSM wholly owned affiliate, LifeSecure Holdings Corporation (LSH Corp).

B. Transactions with BCBSM include payments for health benefit coverage; processing and payment of certain claims; underpayments and/or overpayments due to and from hospitals; management, administrative and professional services; allocated employee salaries and related benefits; building rent; purchased services including agent fees; and reinsurance. Transactions with affiliates include management, administrative and professional services; workers' compensation coverage; malpractice liability coverage; insolvency coverage; reinsurance coverage and reduced deductibles for property, general liability, automobile, and fidelity insurance coverage.

Administrative support fees incurred from BCBSM were allocated to the statutory administrative expense categories of cost containment, other claims adjustment, general administrative and investment expenses, based on BCBSM's statutory administrative expense categories. These statutory administrative expense categories were further allocated to detailed expense accounts based on the BCBSM's expense detail.

For the years ended December 31, 2020 and 2019, \$2,572,154,797 and \$2,587,272,236, respectively, were billed from BCBSM and affiliates for the operating activities detailed above. The majority of these transactions were related to BCBSM.

For the years ended December 31, 2020 and 2019, \$55,783,809 and \$72,455,991, respectively, were billed to BCBSM and affiliates for the operating activities detailed above. The majority of these transactions were related to BCBSM.

C. Transactions with related parties who are not on Schedule Y - NOT APPLICABLE

D. Except for reinsurance ceded and ceded reinsurance premiums payable, all related-party receivable and payable balances are classified as either claims unpaid or amounts due to or receivables from parent, subsidiaries, and affiliates.

As of December 31, 2020 and 2019, BCN had \$16,978,023 and \$16,654,070, respectively, in related party receivables. The majority of these balances were related to BCBSM.

As of December 31, 2020 and 2019, BCN had \$90,939,010 and \$99,340,436, respectively, in related party payables. The majority of these balances were related to BCBSM.

E. BCN has agreements with BCBSM and affiliates under which the parties may provide services to or receive services from BCN. Unless otherwise required under IRC guidelines, the agreements provide for monthly payments and a year-end settlement based on the actual cost of services performed.

F. Affiliate Guarantees – NOT APPLICABLE

G. All outstanding shares of BCN are owned by BCBSM. In addition, BCN; BCBSM; Blue Cross Complete of Michigan LLC (BCC LLC); BCBSM Foundation; WSIC; LSH Corp and its subsidiary; Michigan Medicaid Holdings Company and BH Assets LLC, subsidiaries of BCBSM; AFHI; COBX CO., a wholly owned subsidiary of EHI; EHI.; and Covantage Health Partners, Inc., a subsidiary of EHI., have some common officers and board members.

H. Ownership in upstream affiliate or parent – NOT APPLICABLE

I. Investment in SCA – NOT APPLICABLE

J. Investment impaired – NOT APPLICABLE

K. Investment in a foreign insurance subsidiary – NOT APPLICABLE

L. Investment in downstream noninsurance holding company – NOT APPLICABLE

M. All SCA Investments – NOT APPLICABLE

N. Investment in insurance subsidiary, controlled and affiliated entities – NOT APPLICABLE

O. SCA or SSAP 48 Entity Loss Tracking – NOT APPLICABLE

11. Debt

A. Debt Including Capital Notes – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

B. FHLB (Federal Home Loan Bank) Agreements

(1) BCN became a member of the Federal Home Loan Bank of Indianapolis (FHLBI) on December 1, 2009, in order to obtain short-term, long-term and line-of-credit borrowing privileges. On October 8, 2015, BCN borrowed \$50,000,000 at a rate of 1.56% on a 60 month loan. Effective November 8, 2019, this loan was refinanced resulting in a new rate of 1.89% on a 60 month loan. BCN plans to utilize any funding obtained to cover operational needs or longer-term strategic plans. Borrowings are accounted for consistent with SSAP No. 15, *Debt and Holding Company Obligations*. The loans are collateralized by government securities at 105% of the outstanding loan balance. BCN calculates the actual or estimated borrowing capacity based on current FHLBI capital stock.

(2) FHLB Capital Stock

a. Aggregate Totals

1. Current Year

		Total
(a)	Membership Stock – Class A	
(b)	Membership Stock – Class B	4,205,500
(c)	Activity Stock	
(d)	Excess Stock	
(e)	Aggregate Total (a+b+c+d)	4,205,500
(f)	Actual or Estimated Borrowing Capacity as Determined by the Insurer	93,455,556

2. Prior Year-End

		Total
(a)	Membership Stock – Class A	
(b)	Membership Stock – Class B	4,205,500
(c)	Activity Stock	
(d)	Excess Stock	
(e)	Aggregate Total (a+b+c+d)	4,205,500
(f)	Actual or Estimated Borrowing Capacity as Determined by the Insurer	93,455,556

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)
11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

	1	2	3	Eligible for Redemption		
	Current Year Total (2+3+4+5+6)	Not Eligible for Redemption	Less Than 6 Months	4 6 Months to Less Than 1 Year	5 1 to Less Than 3 Years	6 3 to 5 Years
Membership Stock						
1. Class A						
2. Class B	4,205,500	4,205,500				

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)
11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

NOTES TO FINANCIAL STATEMENTS

(3) Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

	1	2	3
	Fair Value	Carrying Value	Aggregate Total Borrowing
1. Current Year Total Collateral Pledged	58,840,690	56,801,929	50,000,000
2. Prior Year-end Total Collateral Pledged	57,808,483	55,488,523	50,000,000

11B(3)a1 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b1 (Columns 1, 2 and 3, respectively)
11B(3)a2 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b2 (Columns 1, 2 and 3, respectively)
11B(3)a3 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b3 (Columns 1, 2 and 3, respectively)
11B(3)a4 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b4 (Columns 1, 2 and 3, respectively)

b. Maximum Amount Pledged During Reporting Period

	1	2	3
	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
1. Current Year Total Maximum Collateral Pledged	59,984,450	57,875,075	50,000,000
2. Prior Year-end Total Maximum Collateral Pledged	59,343,704	57,128,642	50,000,000

(4) Borrowing from FHLB

a. Amount as of the Reporting Date

1. Current Year

		Total	Funding Agreements Reserves Established
(a)	Debt		XXX
(b)	Funding Agreements	50,000,000	
(c)	Other		XXX
(d)	Aggregate Total (a+b+c)	50,000,000	

2. Prior Year-End

		Total	Funding Agreements Reserves Established
(a)	Debt		XXX
(b)	Funding Agreements	50,000,000	
(c)	Other		XXX
(d)	Aggregate Total (a+b+c)	50,000,000	

NOTES TO FINANCIAL STATEMENTS

b. Maximum Amount During Reporting Period (Current Year)

		Total
1.	Debt	
2.	Funding Agreements	50,000,000
3.	Other	
4.	Aggregate Total (Lines 1+2+3)	50,000,000

11B(4)b4 (Columns 1, 2 and 3) should be equal to or greater than 11B(4)a1(d) (Columns 1, 2 and 3, respectively)

c. FHLB – Prepayment Obligations

		Does the company have prepayment obligations under the following arrangements? (YES/NO)?
1.	Debt	NO
2.	Funding Agreements	NO
3.	Other	NO

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan – NOT APPLICABLE
- B. Plan Asset Investment Policies and Procedures – NOT APPLICABLE
- C. Plan Asset Fair Values – NOT APPLICABLE
- D. Basis of Rate-of-Return-on-Assets Assumption – NOT APPLICABLE
- E. Defined Contribution Plans – NOT APPLICABLE
- F. Multiemployer Plans – NOT APPLICABLE
- G. Consolidated/Holding Company Plans

BCBSM has the responsibility for administering and funding the pension and other postretirement benefits for BCN, including qualified and non-qualified noncontributory defined benefit pension plans, and qualified defined contribution and deferred compensation plans. BCN has no legal obligation for benefits under these plans. BCBSM allocates expenses to BCN based on allocations supporting other employment and overhead costs. BCN’s share of net expense for qualified and non-qualified pension plans, other postretirement benefit plans and qualified defined contribution plans was:

	<u>2020</u>	<u>2019</u>
Qualified and non-qualified pension plans	\$ 17,460,681	\$ 16,147,535
Other postretirement benefit plans	1,264,409	984,570
Qualified defined contribution plan	5,145,916	1,349,082

The above expenses and amounts due to BCBSM related to the retirement expenses, as of December 31, 2020 and 2019, are included in the amounts disclosed in Note 10.

- H. Post-employment Benefits and Compensated Absences – NOT APPLICABLE
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – NOT APPLICABLE

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- A. BCN has 500 shares of common stock authorized; and 100 shares issued and outstanding. All shares are one class and have a par value of \$100 per share.
- B. Preferred stock – NOT APPLICABLE
- C. Dividend restrictions – BCN’s Articles of Incorporation prohibit dividends.
- D. Dividends paid – NOT APPLICABLE
- E. Stockholder’s portion of ordinary dividends – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

- F. Restrictions placed on unassigned funds (surplus) – NOT APPLICABLE
- G. The total amount of advances to surplus not repaid – NOT APPLICABLE
- H. The amount of stock held by BCN for special purposes – NOT APPLICABLE
- I. Special surplus fund changes – Changes in balances of special surplus funds from the prior year are due to the reserve for the 2019 Affordable Care Act (ACA) Fee payable in 2020 set aside in special surplus funds in 2019. By law, there is no fee payable for 2021 based on 2020 premiums, therefore no reclassification of unassigned surplus to special surplus funds is required for 2020 filings. The Continuing Appropriations Act of 2018 imposed a moratorium in 2019 on the Annual Fee on Health Insurance Providers also known as the ACA Section 9010 assessment.
- J. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses was a net unrealized gain of \$81,529,448 at December 31, 2020.
- K. Surplus notes – NOT APPLICABLE
- L. Impact of any restatement due to quasi-reorganization – NOT APPLICABLE
- M. Effective date(s) of all quasi-reorganizations in the prior 10 years is/are – NOT APPLICABLE

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

BCN has outstanding commitments for additional investments to its joint ventures and partnership interests in the amount of \$74,845,469 at December 31, 2020.

B. Assessments

The following items were recognized under SSAP No. 35R, *Guaranty Fund and Other Assessments*:

Effective October 1, 2018, the State of Michigan enacted the Insurance Provider Assessment (IPA). The IPA is a fixed-rate tax based on per member per month membership assessed on health insurers authorized to deliver, issue for delivery, or renew a policy in the state of Michigan (including HMOs). The liability is reflected in general expenses due or accrued as of December 31, 2020 and 2019, in the amount of \$9,002,953 and \$8,974,712, respectively.

Effective October 1, 2012, through September 30, 2029, the Affordable Care Act (ACA) requires a comparative effectiveness assessment to fund health outcome and clinical effectiveness research conducted by the Patient Centered Outcomes Research Institute, a non-profit organization created by the ACA. The liability is reflected in general expenses due or accrued as of December 31, 2020 and 2019, in the amount of \$1,778,809 and \$1,563,495, respectively.

C. Gain Contingencies – NOT APPLICABLE

D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits – NOT APPLICABLE

E. Joint and Several Liabilities – NOT APPLICABLE

F. All Other Contingencies

COVID-19—The effects of the COVID-19 pandemic continue to emerge. The virus resulted in 2020 being a year marked by economic disruption and volatility as efforts to prevent the spread of the virus necessitated the closure of nonessential businesses resulting in an economic slowdown and high unemployment in Michigan and across the U.S. Despite the record high unemployment rate in 2020, companies continued to provide health benefits to furloughed employees.

In second quarter of 2020, COVID-19 significantly disrupted the healthcare marketplace as hospitals halted elective medical procedures to focus efforts on treating COVID infected patients and non-COVID individuals delayed receiving medical treatment. The deferral of care offset by the medical costs of COVID testing and treatment, resulted in BCN posting significant underwriting gains in the second quarter. Utilization started to return to normal levels in the third quarter and by the fourth quarter, utilization levels indicated a pent-up demand in care.

It is anticipated that the effects of COVID-19 will subject BCN's financial results to a higher degree of volatility and uncertainty for the foreseeable future as a number of significant variables and uncertainties will impact benefit trends and BCN's ability to set premium rates. Significant uncertainty remains regarding the severity and duration of the pandemic, continued actions taken to mitigate the spread of COVID-19, including the success of vaccination efforts and new therapeutic treatments.

BCN has taken several proactive steps to collaborate with customers, providers and other stakeholders to navigate the complexities of COVID-19, including expanding telehealth access across an expanded set of service

NOTES TO FINANCIAL STATEMENTS

areas and including behavioral health services, supporting our most vulnerable members by delivering in-person welfare check-ins, suspending inpatient and post-acute prior authorizations and extending authorization approvals for 180 days, procuring PPE and donating to the State of Michigan to help address significant shortages at hospitals and health care facilities. BCN has also provided premium refunds to its Commercial and Medicare Advantage customers and offered extended grace periods to customers facing financial difficulties due to the pandemic.

The safety, health and wellbeing of our employees remains a top priority. Steps taken to protect our workforce and assure continued critical operations were implemented to reduce employee and visitor counts within our facilities. BCN have imposed employee travel restrictions and directed all employees to work remotely from home if possible.

BCN's financial condition, liquidity and statutory surplus are strong, and management has plans in place to successfully navigate through this crisis. If required, BCBSM and its subsidiaries have established pledged-collateral credit facilities with the Federal Home Loan Bank of Indianapolis up to \$2,450,000,000.

Hospital Contracts—Two civil lawsuits challenging the use of most favored nations (MFN) clauses in hospital contracts are pending that seek monetary relief. BCN has reached a settlement in one case, admitting no wrongdoing, that has received approval from the Court. With respect to the remaining lawsuit it is not yet possible to make an assessment regarding probability of an adverse outcome, nor estimate a range of potential loss in the remaining case.

BCBSA Litigation — Numerous antitrust class actions have been filed against BCBSA and every Plan. The cases were originally filed in 2012. The cases were consolidated into two, a provider case and a subscriber case. The cases are currently pending in United States District Court for the Northern District of Alabama. The cases allege that numerous BCBSA rules and/or regulations violate the Sherman Antitrust Act and related state laws. The Court issued its Opinion on April 5th, 2018 holding that the Exclusive Service Areas and National Best Efforts will be analyzed under the per se standard and the Blue Card program will be analyzed under the Rule of Reason. Defendants' appealed this decision, but the Court of Appeals declined to take the appeal, thereby sending it back to the trial court for further proceedings. If this matter goes to trial, the trial is anticipated to take place in 2021. BCN has accrued its best estimate of risk of loss associated with a possible settlement in the subscriber case. It is not yet possible to make an assessment regarding probability of an adverse outcome, nor estimate a range of potential loss in the provider case.

Other Legal Matters – BCN is a defendant in numerous other lawsuits and involved in other matters arising in the normal course of business primarily related to subscribers' benefits, breach of contracts, provider reimbursement issues and provider participation arrangements. BCN's management, as of December 31, 2020, estimates that these matters will be resolved without a material adverse effect on BCN's future financial position or results of operations.

Where available information indicates that it is probable that a loss has been incurred as of the date of the statutory-basis financial statements and the amount of the loss can be reasonably estimated, BCN will accrue the estimated loss. As of December 31, 2020, and 2019, BCN recorded in general expenses due or accrued in the Liabilities, Capital, and Surplus \$18,261,596 and \$21,875,092, respectively, for all probable and reasonably estimable losses.

The statements of revenue and expenses for the periods ended December 31, 2020 and December 31, 2019 includes approximately \$1,055,562 and \$21,875,092, respectively, related to legal losses and settlements.

Asset Impairment – In accordance with BCN's impairment policy, OTTI is presumed to exist when the market value is below cost for investments managed by outside investment managers, because BCN has delegated the decision to hold the security until recovery and cannot assert the "intent and ability to hold to recovery."

The OTTI fair-value write-down for securities was \$15,817,150 and \$3,645,981 for debt securities and \$17,118,215 and \$3,595,007 for equity securities in 2020 and 2019, respectively.

Except for the recorded impairment mentioned above, all other investment securities that temporarily have a fair market value that is below amortized cost, are not considered to be impaired.

15. Leases

A. Lessee Operating Lease

(1) Leasing arrangements

(a) Rental Expense

BCN entered into certain cancelable building leases with BCBSM. BCN also leases office buildings under noncancelable operating leases with unrelated parties. Rent expense in 2020 and 2019 was \$12,841,108 and \$12,896,470 respectively.

(b) Contingent Rental Payment Basis – NOT APPLICABLE

(c) BCN's corporate office is leased through June 30, 2025. At the expiration of the lease, BCN has the option to extend the lease for three terms of five years.

NOTES TO FINANCIAL STATEMENTS

(d) Lease Restrictions – NOT APPLICABLE

(e) Early Terminations – NOT APPLICABLE

(2) Non-cancelable leases

(a) At December 31, 2020, the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
2021	\$ 3,335,384
2022	3,470,601
2023	3,605,820
2024	3,605,820
Thereafter	1,802,910
Total	<u>\$ 15,820,535</u>

(b) Non-cancelable subleases – NOT APPLICABLE

(3) Sale-leaseback transactions – NOT APPLICABLE

B. Lessor Leases – NOT APPLICABLE

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk – NOT APPLICABLE

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales – NOT APPLICABLE

B. Transfer and Servicing of Financial Assets

(1) Description of any Loaned Securities

BCN participates in security lending agreements with a custodian bank. Under this agreement, BCN lends equity and bond securities in exchange for collateral, approximating at least 102% of the value of the securities loaned. Cash collateral is invested by the custodian bank in a money market fund, while non-cash collateral is in the form of U.S. Treasury and U.S. agency securities. The security lending agreements are primarily overnight in nature and subject to renewal or termination. The fair value of loaned securities at December 31, 2020 were \$2,945,121 and \$11,703,733 for bonds and equities respectively.

(2) Servicing Assets and Servicing Liabilities – NOT APPLICABLE

(3) When Servicing Assets and Liabilities are Measured at Fair Value – NOT APPLICABLE

(4) Securitizations, Asset-Based Financing Arrangements and Similar Transfers Accounted for as Sales – NOT APPLICABLE

(5) Disclosure Requirements for Transfers of Assets Accounted for as Secured Borrowing – NOT APPLICABLE

(6) Transfer of Receivables with Recourse – NOT APPLICABLE

(7) Securities Underlying Dollar Repurchase and Dollar Reverse Repurchase Agreements – NOT APPLICABLE

C. Wash Sales

(1) Description of the Objectives Regarding These Transactions

In the course of BCN's asset management, securities are sold and reacquired within 30 days of the sale date to enhance the yield on the investments.

(2) The details by NAIC designation 3 or below, or unrated of securities sold during the current period and reacquired with 30 days of the sale date are:

Description	NAIC Designation	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain /(Loss)
Bonds	3.B	9	\$ 999,137	\$ 768,270	\$ (230,867)
Bonds	3.C	10	\$ 508,839	\$ 277,794	\$ (231,045)

NOTES TO FINANCIAL STATEMENTS

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

The loss from operations from ASO uninsured plans and the uninsured portion of partially insured plans was as follows during 2020:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$(16,891,460)	\$ -	\$(16,891,460)
b. Total net other income or expenses (including interest paid to or received from plans)	-	-	-
c. Net gain or (loss) from operations	(16,891,460)	-	(16,891,460)
d. Total claim payment volume	\$ 621,322,974	\$ -	\$ 621,322,974

B. ASC Plans – NOT APPLICABLE

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

- (1) Medicare Part D cost-based reimbursements for the years 2020 and 2019 consisted of \$7,810,188 and \$6,470,848, respectively, for coverage gap discount; \$12,629,430 and \$13,060,371, respectively, for low-income subsidy (cost sharing portion); and \$38,638,768 and \$37,898,778, respectively, for reinsurance payments.
- (2) As of December 31, 2020 and 2019, respectively, BCN had recorded receivables from the following payors whose account balances were greater than 10% of BCN’s amounts receivable from uninsured accident and health plans or \$10,000:
- | | | |
|--|--------------------|---------------------|
| | 2020 | 2019 |
| Centers for Medicare & Medicaid Services (CMS) | <u>\$9,309,877</u> | <u>\$10,170,891</u> |
- (3) In connection with the Medicare Part D cost-based reimbursement portion of the contract, BCN has recorded no allowances and reserves for adjustment of recorded reimbursement advances as of December 31, 2020 and 2019.
- (4) Adjustments to revenue resulting from an audit of receivables related to revenues recorded in the prior period – NOT APPLICABLE

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – NOT APPLICABLE

20. Fair Value Measurements

A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value

1. Items Measured and Reported at Fair Value by Levels 1, 2 and 3

The fair values BCN’s securities are based on quoted market prices, where available. These fair values are obtained primarily from custodian banks or third-party pricing services, which generally use Level 1 or Level 2 inputs for the determination of fair value in accordance with SSAP guidance.

BCN obtains only one quoted price for each security, which are derived through recently reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information. For securities not actively traded, the third-party pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds.

In certain circumstances, it may not be possible to derive pricing model inputs from observable market activity, and therefore, such inputs are estimated internally. Such securities are designated Level 3.

The following techniques were used to estimate the fair value and determine the classification of assets pursuant to the valuation hierarchy:

Bonds consist of:

U.S. Government—Consist of certain U.S. government securities and bonds issued by U.S. government-backed agencies. U.S. Government securities are valued based on observable inputs

NOTES TO FINANCIAL STATEMENTS

such as the U.S. Treasury yield curve and/or similar assets in markets that are active and are classified as Level 2.

All Other Government—Consists of government securities and bonds issued by foreign government-backed agencies. Valuation is based on prices by a pricing service using a composite yield curve. These securities are classified as Level 2.

Special Revenue and Assessments—Consist of bonds and debt backed by noncorporate entities. Valuation is based on inputs derived directly from observable market data, such as discounted cash flows. These securities are not consistently or actively traded and are classified as Level 2.

Industrial and Miscellaneous—Consist of corporate notes and bonds. Valuation is determined using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the security is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustment for certain risks that may not be observable, such as credit and liquidity risk or a broker quote, if available. These securities are classified as Level 2.

Preferred Stocks—Consist of privately traded, nonexchange-listed equity securities. Securities that are consistently or actively traded are classified as Level 2.

Common Stocks—Consist of actively traded exchange-listed common stock and mutual fund investments, as well as privately held mutual funds and other private equity investments. The valuation for exchange-traded securities are based on unadjusted quoted prices for these securities, or funds in an active market. These securities are classified as Level 1.

Mutual Funds—Consist of registered mutual funds actively traded on an open exchange. The public-traded funds are based on an observable price in an active market and; therefore, classified as Level 1.

Cash Equivalents and Short-Term Investments—Consist of commercial paper, discount notes, other money market mutual funds, and other investments with original maturities of one year or less. Valuation is based on unadjusted quoted prices. These securities are classified as Level 1. Valuation for commercial paper and other securities is based on inputs derived from observable market data and are classified as Level 2.

Exempt Money Market Funds—Consist of money market funds that invest in one of the following: securities that are direct obligations of the U.S. government, securities that are backed by the full faith and credit of the U.S. government or collateralized repurchase agreements composed of such obligations. The Securities Valuation Office of the National Association of Insurance Commissioners maintains the list of money market funds that are eligible for classification as Exempt Money Market Funds. These securities are classified as Level 1.

State Street Navigator Securities Lending—Consists of the cash collateral posted on securities lending transactions and reinvested in money market securities. These securities are classified as Level 1.

NOTES TO FINANCIAL STATEMENTS

BCN's assets and liabilities measured and recorded at fair value as of December 31, 2020, are as follows:

Description for Each Class of Asset or Liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
a. Assets at fair value					
Common stock					
Industrial and miscellaneous	\$ 271,591,175	\$ -	\$ -	\$ -	\$ 271,591,175
Mutual funds	<u>1,067,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,067,912</u>
Total common stock	<u>\$ 272,659,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,659,087</u>
Cash Equivalents					
Exempt money market mutual funds	\$ 1,021,183	\$ -	\$ -	\$ -	\$ 1,021,183
Other money market mutual funds	<u>117,456,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,456,321</u>
Total Cash Equivalents	<u>\$ 118,477,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,477,504</u>
Other					
Security lending collateral	<u>\$ 4,713,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,713,555</u>
Total assets at fair value/NAV	<u>\$ 395,850,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,850,146</u>
b. Liabilities at fair value					
Payable for securities lending	<u>\$ 4,713,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,713,555</u>
Total liabilities at fair value	<u>\$ 4,713,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,713,555</u>

(2) Fair Value Measurements in Level 3 of the Fair Value Hierarchy – NOT APPLICABLE

(3) Transfers between levels — NOT APPLICABLE

(4) Certain assets and liabilities of BCN are measured and reported: (a) at amortized cost, (b) at values using the adjusted audited GAAP equity method, or (c) at values that approximate fair value due to their liquid or short-term nature.

(5) Derivative assets and liabilities – NOT APPLICABLE

B. Other Fair Value Information – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

C. Fair Value of Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds:							
Special revenue and special assessment obligations	\$ 374,183,439	\$ 359,843,222	\$ -	\$ 374,183,439	\$ -	\$ -	\$ -
Industrial and miscellaneous	1,024,101,166	985,408,782	-	1,024,101,166	-	-	-
U.S. government	389,679,586	348,590,711	-	389,679,586	-	-	-
All other governments	<u>2,252,200</u>	<u>2,019,337</u>	<u>-</u>	<u>2,252,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bonds	<u>\$ 1,790,216,391</u>	<u>\$ 1,695,862,052</u>	<u>\$ -</u>	<u>\$ 1,790,216,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Preferred Stock:							
Non-Affiliates	<u>\$ 697,998</u>	<u>\$ 528,384</u>	<u>\$ -</u>	<u>\$ 697,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Common Stocks:							
Industrial and miscellaneous	\$ 271,591,175	\$ 271,591,175	\$ 271,591,175	\$ -	\$ -	\$ -	\$ -
Mutual funds	<u>1,067,912</u>	<u>1,067,912</u>	<u>1,067,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Common Stocks	<u>\$ 272,659,087</u>	<u>\$ 272,659,087</u>	<u>\$ 272,659,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Equivalents & Short-Term Investments:							
US Special Revenue	\$ 5,193,750	\$ 5,184,766	\$ -	\$ 5,193,750	\$ -	\$ -	\$ -
Industrial and miscellaneous	395,505,438	395,480,601	-	395,505,438	-	-	-
Exempt money market mutual funds	1,021,183	1,021,183	1,021,183	-	-	-	-
Other money market mutual funds	<u>117,456,321</u>	<u>117,456,321</u>	<u>117,456,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Equivalents & Short-Term Investments	<u>\$ 519,176,692</u>	<u>\$ 519,142,871</u>	<u>\$ 118,477,504</u>	<u>\$ 400,699,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other							
Security lending collateral	<u>\$ 4,713,555</u>	<u>\$ 4,713,555</u>	<u>\$ 4,713,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities							
Debt	\$ 52,639,173	\$ 50,044,625	\$ -	\$ -	\$ 52,639,173	\$ -	\$ -
Payable for securities lending	<u>4,713,555</u>	<u>4,713,555</u>	<u>4,713,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 57,352,728</u>	<u>\$ 54,758,180</u>	<u>\$ 4,713,555</u>	<u>\$ -</u>	<u>\$ 52,639,173</u>	<u>\$ -</u>	<u>\$ -</u>

D. Not Practicable to Estimate Fair Value – NOT APPLICABLE

E. Investments Using the NAV Practical Expedient – NOT APPLICABLE

21. Other Items

A. Unusual or Infrequent Items

As referenced in Note 14, BCN has taken several proactive steps in support of its customers during the COVID-19 pandemic. BCN provided premium refunds to its Commercial and Medicare Advantage customers of approximately \$38,000,000, which were recorded as immediate reductions to premium revenues as provided in INT 20-08 - COVID-19 Premium Refunds, Limited-Time Exception, Rate reductions and Policyholder Dividends. The outstanding premium refund payable at December 31, 2020 of approximately \$1,700,000.

B. Troubled Debt Restructuring: Debtors – NOT APPLICABLE

C. Other Disclosures

Statutory Deposit – As a condition of maintaining its certificate of authority with the State of Michigan, BCN maintains a deposit in a segregated account of \$1,000,000, which is the maximum required for a Health Maintenance Organization. These funds are intended to be used for the sole benefit of all BCN members, and only at the direction of the Director of DIFS. The funds are invested in an exempt money market mutual fund and reported in cash equivalents, in accordance with SSAP No. 2R. Interest on these funds accrues to BCN.

Industry Concentration – BCN conducts business primarily within the state of Michigan. A significant portion of BCN's customer base is concentrated in companies that are part of the automobile manufacturing industry. Receivables from those customers were \$968,757 and \$1,141,805, as of December 31, 2020 and 2019, respectively. In addition, BCN held investments in these customers with a total value of \$18,302,710 and \$13,277,326, as of December 31, 2020 and 2019, respectively.

D. Business Interruption Insurance Recoveries – NOT APPLICABLE

E. State Transferable and Non-transferable Tax Credits – NOT APPLICABLE

F. Subprime-Mortgage-Related Risk Exposure – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

G. Retained Assets – NOT APPLICABLE

H. Insurance-Linked Securities (ILS) Contracts – NOT APPLICABLE

I. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy – NOT APPLICABLE

22. Events Subsequent

Management has evaluated all events subsequent to the annual statement date of December 31, 2020, through March 1, 2021, for the annual statement submitted on March 1, 2021.

Type I – Recognized Subsequent Events:

Management has determined that there are no Type I subsequent events that require disclosure under SSAP No. 9, *Subsequent Events*.

Type II – Nonrecognized Subsequent Events:

In 2020, BCN was subject to an annual health insurer fee under Section 9010 of ACA. The Continuing Appropriations Act of 2018 suspended the assessment and collection for the calendar year 2019. The assessment of the fee resumed in 2020 and was repealed for years after 2020.

The final annual health insurance industry fee for calendar year 2020 was paid on September 30, 2020.

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?		YES
B. ACA fee assessment payable for the upcoming year	\$ -	\$ 45,500,000
C. ACA fee assessment paid	\$ 40,211,499	\$ -
D. Premium written subject to ACA 9010 assessment	\$ -	\$ 4,251,616,476
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$ -	\$ 1,728,923,443
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ -	\$ 1,683,423,443
G. Authorized Control Level after surplus adjustment (Five-Year Historical Line 15)	\$ -	\$ 142,022,781
H. Would reporting the ACA assessment as of Dec. 31, 2020 have triggered an RBC action level (YES/NO)?	NO	NO

23. Reinsurance

A. Ceded Reinsurance Report

In compliance with the NAIC annual statement instructions and SSAP No. 61R, *Life, Deposit-Type and Accident and Health Reinsurance*, BCN accounts for its transactions with BCBSM as ceded reinsurance. BCBSM covers inpatient and outpatient facility claims in excess of \$300,000 per member basis for all lines of business, up to a defined accumulated attachment point of \$7.984 per member per month for Medicare Advantage and \$9.575 per member per month for Group Commercial Business, and \$7.847 for Individual health insurance business. In addition, BCBSM provides insolvency coverage subject to a separate aggregate limit in the amount of \$5,000,000 for all policies combined.

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes() No (X)

If yes, give full details.

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Yes() No (X)

If yes, give full details.

NOTES TO FINANCIAL STATEMENTS

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (X)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. NOT APPLICABLE
- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? NOT APPLICABLE

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate \$0
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? NOT APPLICABLE

B. Uncollectible Reinsurance – NOT APPLICABLE

C. Commutation of Ceded Reinsurance – NOT APPLICABLE

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – NOT APPLICABLE

E. Reinsurance Credit – NOT APPLICABLE

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. BCN estimates accrued redetermination premium adjustments and return premium adjustments for its group health insurance contracts subject to redetermination based on an examination of contract requirements in relation to the rates charged for similarly sized subscriber groups, and the status of past applicable audits.

BCN estimates accrued retrospective premium adjustments for its Medicare Advantage health insurance contracts based on an analysis of Part C member health risk score adjustments submitted to CMS and the Part D risk corridor reconciliation related to the funds received from CMS or the beneficiary.

To the extent that BCN is subject to potential medical loss ratio (MLR) rebates, any return premium adjustment would be based on the formulas required by law.

- B. Accrued redetermination premium adjustments and return premium adjustments, as well as retrospective premiums, are recorded as adjustments to earned premium revenue.
- C. The amount of net premiums, written by BCN, that were subject to redetermination or retrospective provisions (including premiums subject to MLR rebates) was \$4,066,022,248 and \$4,235,191,951 for 2020 and 2019, respectively; representing approximately 99.2% of the total net health premiums written for both 2020 and 2019, respectively. No other premiums written by BCN were subject to redetermination or retrospective provisions.

NOTES TO FINANCIAL STATEMENTS

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act

	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred	\$ 16,998,602	\$ 1,656,618	\$ -	\$ 1,127,438	\$ 19,782,658
(2) Medical loss ratio rebates paid	-	1,656,618	-	1,753,380	3,409,998
(3) Medical loss ratio rebates unpaid	16,998,602	-	-	785,589	17,784,191
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	17,784,191
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred	\$ 25,219,952	\$ -	\$ -	\$ 470,572	\$ 25,690,524
(8) Medical loss ratio rebates paid	20,062,914	-	-	1,146,395	21,209,309
(9) Medical loss ratio rebates unpaid	22,155,640	-	-	109,766	22,265,406
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	-
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	-
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	22,265,406

NOTES TO FINANCIAL STATEMENTS

E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? YES

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

		AMOUNT
a. Permanent ACA Risk Adjustment Program		
Assets		
1.	Premium adjustments receivable due to ACA Risk Adjustment (including high-risk pool payments)	\$ -
Liabilities		
2.	Risk adjustment user fees payable for ACA Risk Adjustment	\$ 518,175
3.	Premium adjustments payable due to ACA Risk Adjustment (including high-risk pool premium)	\$ 50,886,600
Operations (Revenue & Expense)		
4.	Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$ (46,552,904)
5.	Reported in expenses as ACA risk adjustment user fees (incurred/paid)	\$ 517,394
b. Transitional ACA Reinsurance Program		
Assets		
1.	Amounts recoverable for claims paid due to ACA Reinsurance	\$ -
2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	\$ -
3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$ -
Liabilities		
4.	Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	\$ -
5.	Ceded reinsurance premiums payable due to ACA Reinsurance	\$ -
6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	\$ -
Operations (Revenue & Expense)		
7.	Ceded reinsurance premiums due to ACA Reinsurance	\$ -
8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	\$ -
9.	ACA Reinsurance contributions - not reported as ceded premium	\$ -
c. Temporary ACA Risk Corridors Program		
Assets		
1.	Accrued retrospective premium due to ACA Risk Corridors	\$ -
Liabilities		
2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$ -
Operations (Revenue & Expense)		
3.	Effect of ACA Risk Corridors on net premium income (paid/received)	\$ 39,053,133
4.	Effect of ACA Risk Corridors on change in reserves for rate credits	\$ -

NOTES TO FINANCIAL STATEMENTS

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any non-admission) and liability balances, along with the reasons for adjustments to prior year balance.

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date		
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Ref	Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)	
					5	6	7	8		9	10	
	1	2	3	4	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)	
a. Permanent ACA Risk Adjustment Program												
Premium adjustments receivable (including high risk pool 1 payments)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	A	\$ -	\$ -
Premium adjustments payable (including high risk pool 2 premium)	-	51,679,609	-	47,345,912	-	4,333,697	-	(4,739,843)	B		-	(406,146)
Subtotal ACA Permanent Risk Adjustment 3 Program	\$ -	\$ 51,679,609	\$ -	\$ 47,345,912	\$ -	\$ 4,333,697	\$ -	\$ (4,739,843)			\$ -	\$ (406,146)
b. Transitional ACA Reinsurance Program												
Amounts recoverable 1 for claims paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	C	\$ -	\$ -
Amounts recoverable for claims unpaid (contra 2 liability)	-	-	-	-	-	-	-	-	-	D	-	-
Amounts receivable relating to uninsured 3 plans	-	-	-	-	-	-	-	-	-	E	-	-
Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded 4 premium	-	-	-	-	-	-	-	-	-	F	-	-
Ceded reinsurance premiums 5 payable	-	-	-	-	-	-	-	-	-	G	-	-
Liability for amounts held under uninsured 6 plans	-	-	-	-	-	-	-	-	-	H	-	-
Subtotal ACA Transitional Reinsurance 7 Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
c. Temporary ACA Risk Corridors Program												
Accrued retrospective 1 premium	\$ -	\$ -	\$ 39,053,133	\$ -	\$ (39,053,133)	\$ -	\$ 39,053,133	\$ -	\$ -	I	\$ -	\$ -
Reserve for rate credits or policy experience 2 rating refunds	-	-	-	-	-	-	-	-	-	J	-	-
Subtotal ACA Risk Corridors 3 Program	-	-	39,053,133	-	(39,053,133)	-	39,053,133	-	-		-	-
Total for ACA Risk Sharing Provisions d.	\$ -	\$ 51,679,609	\$ 39,053,133	\$ 47,345,912	\$ (39,053,133)	\$ 4,333,697	\$ 39,053,133	\$ (4,739,843)			\$ -	\$ (406,146)

Explanation of Adjustments

- A
- B Adjustment supplied by CMS
- C
- D
- E
- F
- G
- H
- I Adjustment made to match cash received in 2020
- J

NOTES TO FINANCIAL STATEMENTS

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year

Risk Corridors Program Year	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date		
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Ref	Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
	1 Receivable	2 (Payable)	3 Receivable	4 (Payable)	5 Receivable	6 (Payable)	7 Receivable	8 (Payable)		9 Receivable	10 (Payable)
a. 2014											
1 Accrued retrospective premium	\$ -	\$ -	\$ 14,303,402	\$ -	\$ (14,303,402)	\$ -	\$ 14,303,402	\$ -	A	\$ -	\$ -
2 Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	B	-	-
b. 2015											
1 Accrued retrospective premium	\$ -	\$ -	\$ 4,131,999	\$ -	\$ (4,131,999)	\$ -	\$ 4,131,999	\$ -	C	\$ -	\$ -
2 Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	D	-	-
c. 2016											
1 Accrued retrospective premium	\$ -	\$ -	\$ 20,617,732	\$ -	\$ (20,617,732)	\$ -	\$ 20,617,732	\$ -	E	\$ -	\$ -
2 Reserve for rate credits or policy experience rating refunds	-	-	-	-	-	-	-	-	F	-	-
d. Total for Risk Corridors	\$ -	\$ -	\$ 39,053,133	\$ -	\$ (39,053,133)	\$ -	\$ 39,053,133	\$ -		\$ -	\$ -

Explanation of Adjustments

- A Adjustment made to match cash received in 2020
B
C Adjustment made to match cash received in 2020
D
E Adjustment made to match cash received in 2020
F

24E(4)d (Columns 1 through 10) should equal 24E(3)c3 (Column 1 through 10 respectively)

(5) ACA Risk Corridors Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated Amount to be Filed or Final Amount Filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset Balance (Gross of Non- admissions) (1-2-3)	5 Non-admitted Amount	6 Net Admitted Asset (4-5)
a. 2014	\$ 17,193,568	\$ -	\$17,193,568	\$ -	\$ -	\$ -
b. 2015	4,131,999	-	4,131,999	-	-	-
c. 2016	20,617,732	-	20,617,732	-	-	-
Total d. (a+b+c)	\$ 41,943,299	\$ -	\$41,943,299	\$ -	\$ -	\$ -

24E(5)d (Column 4) should equal 24E(3)c1 (Column 9)

24E(5)d (Column 6) should equal 24E(2)c1

The Risk Corridor program as set forth in 42 U.S.C. § 1342 of the Affordable Care Act was originally structured to stabilize the insurance market by requiring that health plans with gains above a certain threshold pay the government the excess and that the government pay plans for losses exceeding a certain threshold. When it became clear that early losses under the program exceeded gains, the Government enacted subsequent federal appropriations legislation that limited payments to insurers to amounts collected thus making the program budget neutral. The budget neutrality requirements resulted in approximately \$12.3 billion in unpaid Risk Corridor balances owed to health plans in the United States, which resulted in numerous federal lawsuits against the federal government seeking payment.

On April 27, 2020 in an 8-1 decision in *Maine Community Health Options v. United States*, No. 18-1023, the United States Supreme Court ruled that (1) the Risk Corridors statute created a government obligation to pay insurers the full amount due under 42 U.S.C. § 1342’s formula; (2) Congress did not impliedly repeal that obligation through its appropriations riders; and (3) insurers may sue the government for the resulting damages in the Court of Federal Claims under the Tucker Act.

The Supreme Court decision did not result in immediate payment of the funds as insurers were required to sue the federal government in the U.S Court of Federal Claims. BCN formally sued the federal government for its outstanding Risk Corridor funds in August and received its outstanding risk corridor funds of \$39,053,133 from the federal government.

The Risk Corridor amounts were recognized in BCN’s financial statements as premium revenue when received in November 2020.

On December 30th, the Center for Consumer Information and Insurance Oversight (CCIO) issued final guidance instructing health insurers that for Medical Loss Ratio and Rebate purposes as set forth in 45 C.F.R. Part 158 of the Affordable Care Act, insurers are required to recalculate MLR ratios and rebate amounts for the years 2015

NOTES TO FINANCIAL STATEMENTS

through 2018. If greater rebates result for any year due to the inclusion of the Risk Corridor funds, revised MLR filings and rebate disbursements are required within 150 days from the issuance of the final guidance or receipt of the Risk Corridor funds whichever is later.

The receipt of the Risk Corridor funds by BCN is expected to generate additional rebates to enrollees. The liability is reflected in aggregate health policy reserves as of December 31, 2020 in the amount of \$6,558,477.

25. Change in Incurred Claims and Claim Adjustment Expenses

- A. Liabilities for unpaid claims and claims adjustment expenses as of December 31, 2019, were \$416,955,277. As of December 31, 2020, \$391,582,881 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Liabilities for unpaid claims and claims adjustment expenses remaining for prior years are now estimated to be \$2,238,614 as a result of a re-estimation of unpaid claims on comprehensive and Medicare lines of business. Therefore, there has been a \$23,133,782 favorable prior year development based on the analysis of recent loss development trends from December 31, 2019 to December 31, 2020.

- B. Significant Changes in Methodologies and Assumptions – NOT APPLICABLE

26. Intercompany Pooling Arrangements – NOT APPLICABLE

27. Structured Settlements – NOT APPLICABLE

28. Health Care Receivables

- A. Pharmaceutical Rebate Receivables

Health care receivables include pharmacy rebates BCN receives from a third-party vendor. BCN estimates pharmacy rebate receivables based on historical rebate experience and membership. Activity for the most recent three years is summarized as follows:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2020	\$ 64,370,119	\$ -	\$ -	\$ -	\$ -
9/30/2020	61,140,361	57,642,736	36,411,475	-	-
6/30/2020	61,827,763	58,868,064	57,864,988	1,168,003	-
3/31/2020	64,678,688	58,899,722	56,857,693	1,515,382	33,852
12/31/2019	\$ 57,486,999	\$ 55,522,294	\$ 53,384,280	\$ 676,182	\$ 154,253
9/30/2019	55,003,999	55,814,193	53,789,156	412,909	448,442
6/30/2019	53,788,298	55,317,971	52,284,350	1,083,438	281,909
3/31/2019	51,868,201	50,224,204	49,237,397	491,975	(756,811)
12/31/2018	\$ 52,719,678	\$ 48,691,323	\$ 44,686,536	\$ 2,587,980	\$ 17,632
9/30/2018	54,822,604	46,045,101	43,420,373	1,919,463	(217,107)
6/30/2018	40,265,146	44,042,071	42,085,668	1,249,755	605,953
3/31/2018	45,021,032	41,392,593	38,709,410	1,706,277	2,056,689

NOTES TO FINANCIAL STATEMENTS

B. Risk Sharing Receivables

BCN estimates risk sharing receivables based on historical claims experience modified for current trends and benefits as provided for in the risk sharing agreement. As of December 31, 2020, 2019, and 2018, BCN had no risk sharing receivables. Risk sharing receivables for the years ended December 31, 2020, 2019, and 2018 were not offset by any risk sharing payables and are recorded in healthcare and other amounts receivable. Details of the balances for the most recent three years are summarized as follows:

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received - All Other
2020	2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2021	XXX	\$ -	XXX	\$ -	XXX	XXX	XXX	XXX
2019	2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2020	XXX	\$ -	XXX	\$ -	XXX	XXX	XXX	XXX
2018	2018	\$4,866,470	\$ -	\$4,866,470	\$ -	\$4,866,470	\$ -	\$ -	\$ -
	2019	XXX	\$ -	XXX	\$ -	XXX	XXX	XXX	XXX

29. Participating Policies – NOT APPLICABLE

30. Premium Deficiency Reserves

A liability for premium deficiency losses is an actuarial estimate that is recognized when it is probable that expected claim losses and allocable administrative expenses will exceed future premiums on existing health and other contracts, with consideration of investment income. For purposes of premium deficiency losses, contracts are grouped in a manner consistent with BCN’s method of acquiring, servicing, and measuring the profitability of such contracts. Premium deficiency losses are generally released over the period that the contract is in a loss position.

1. Liability carried for premium deficiency reserves	Medicare Advantage
2. Date of the most recent evaluation of this liability	\$ 39,758,801
3. Was anticipated investment income utilized in the calculation?	12/31/2020
	Yes [X] No []

31. Anticipated Salvage and Subrogation – NOT APPLICABLE

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2

Yes [X] No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []

1.3

State Regulating?

Michigan

1.4

Is the reporting entity publicly traded or a member of a publicly traded group?

Yes [] No [X]

1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2020

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2017

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

05/31/2019

3.4

By what department or departments?
Michigan Department of Insurance and Financial Services

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [] No [] N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [] No [] N/A [X]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business?
4.12 renewals?

Yes [] No [X]
Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business?
4.22 renewals?

Yes [] No [X]
Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?
If yes, complete and file the merger history data file with the NAIC.

Yes [] No [X]

5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,
7.21 State the percentage of foreign control;
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

%

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

GENERAL INTERROGATORIES

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche LLP, 200 Renaissance Center Suite 3900, Detroit, Michigan 48243-1313.

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]

10.2

If the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]

10.4

If the response to 10.3 is yes, provide information related to this exemption:

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [X] No [] N/A []

10.6

If the response to 10.5 is no or n/a, please explain

11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

John Dunn, FSA, MAAA, Sr. Vice President and Chief Actuary, Blue Cross Blue Shield of Michigan, 600 E. Lafayette, MC 0710, Detroit, Michigan 48226

12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [X] No []

12.11

Name of real estate holding company

Brookfield Strategic Real Estate Partners III.

12.12

Number of parcels involved

26

12.13

Total book/adjusted carrying value

\$ 7,790,558

12.2

If, yes provide explanation:

Brookfield Strategic Real Estate Partners III is a real estate equity fund.

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A []

14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []

a.

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b.

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c.

Compliance with applicable governmental laws, rules and regulations;

d.

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e.

Accountability for adherence to the code.

14.11

If the response to 14.1 is No, please explain:

14.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]

14.21

If the response to 14.2 is yes, provide information related to amendment(s).

14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]

14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.
- Yes [] No [X]

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person?
- Yes [X] No []
- Yes [X] No []
- Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers
- 20.12 To stockholders not officers
- 20.13 Trustees, supreme or grand (Fraternal Only)
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers
- 20.22 To stockholders not officers
- 20.23 Trustees, supreme or grand (Fraternal Only)
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others
- 21.22 Borrowed from others
- 21.23 Leased from others
- 21.24 Other
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment
- 22.22 Amount paid as expenses
- 22.23 Other amounts paid
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- Yes [] No [X]
- \$ 0
- \$ 0
- \$ 0
- \$ 0
- \$ 0
- \$ 0
- \$ 0
- \$ 0
- Yes [] No [X]
- \$ 0
- \$ 0
- \$ 0
- \$ 0
- Yes [X] No []
- \$ 17,977,666
- \$ 0
- Yes [X] No []
- \$ 16,845,274

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- 24.02 If no, give full and complete information relating thereto
- 24.03 For securities lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided) Refer to Note 17.
- 24.04 For the reporting entity's securities lending program, report amount of collateral for conforming programs as outlined in the Risk-Based Capital Instructions.
- 24.05 For the reporting entity's securities lending program, report amount of collateral for other programs.
- 24.06 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- 24.07 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- 24.08 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending?
- Yes [X] No []
- Yes [X] No []
- \$ 14,951,025
- \$ 0
- Yes [X] No [] N/A []
- Yes [X] No [] N/A []
- Yes [X] No [] N/A []

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

GENERAL INTERROGATORIES

24.09 For the reporting entity’s securities lending program state the amount of the following as of December 31 of the current year:

24.091	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	4,713,555
24.092	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	4,713,555
24.093	Total payable for securities lending reported on the liability page.	\$	4,713,555

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes [X] No []

25.2	If yes, state the amount thereof at December 31 of the current year:	25.21 Subject to repurchase agreements	\$	
		25.22 Subject to reverse repurchase agreements	\$	
		25.23 Subject to dollar repurchase agreements	\$	
		25.24 Subject to reverse dollar repurchase agreements	\$	
		25.25 Placed under option agreements	\$	
		25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$	
		25.27 FHLB Capital Stock	\$	4,205,500
		25.28 On deposit with states	\$	1,000,000
		25.29 On deposit with other regulatory bodies	\$	
		25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$	
		25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$	56,801,929
		25.32 Other	\$	200

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [] No [] N/A []

If no, attach a description with this statement.

LINES 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity?

Yes [] No []

26.4 If the response to 26.3 is YES, does the reporting entity utilize:

26.41 Special accounting provision of SSAP No. 108	Yes [] No []
26.42 Permitted accounting practice	Yes [] No []
26.43 Other accounting guidance	Yes [] No []

26.5 By responding YES to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following:

Yes [] No []

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year.

\$ 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
State Street Bank and Trust Company	801 Pennsylvania, Kansas City, MO 64205
Federal Home Loan Bank of Indianapolis	8250 Woodfield Crossing, Indianapolis, IN 46240
Fidelity Investments Institutional Operations Co.	100 Magellan Way, Covington, KY 41015

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

GENERAL INTERROGATORIES

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?..... Yes [] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
Blue Cross Blue Shield of Michigan	A.....
Loomis Sayles	U.....
Los Angeles Capital Management and Equity Research, Inc.	U.....
Arrowstreet Capital Limited Partnership	U.....
Aegon Asset Management US	U.....
.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's invested assets?..... Yes [] No [X]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets?..... Yes [] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1	2	3	4	5 Investment Management Agreement (IMA) Filed
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	
.....	Blue Cross Blue Shield of Michigan	549300NP72KD2PWNIF61 .....	.....	.....
105377	Loomis Sayles	J1ZPN2RX3UMNOYID1313	SEC	NO.....
119033	Los Angeles Capital Management and Equity Research, Inc.	549300DZCL1RBNVU327	SEC	NO.....
111298	Arrowstreet Capital Limited Partnership	L03JDTZUGOR1CVPFGQ53	SEC	NO.....
114537	Aegon Asset Management US	4DJIF67XTB552LOE3L78	SEC	NO.....
.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
316146-10-9	Fid Inv Gr Bond	73,812
701769-40-8	Parnassus Equity IS	22,771
74256W-58-4	PIF MidCap Fund R6	6,956
378690-82-0	Glenmede Sm Cap E IS	5,895
315911-75-0	Fid 500 Index IPR	12,136
315911-72-7	Fid Intl Index IPR	5,770
411512-52-8	Harbor Cap App Ret	232,378
92646A-82-3	Victory Special Value I	9,051
315794-79-2	Fid Freedom 2015 K	195,277
315794-78-4	Fid Freedom 2020 K	177,524
315794-77-6	Fid Freedom 2025 K	228,960
315794-76-8	Fid Freedom 2030 K	12,688
315794-75-0	Fid Freedom 2035 K	76,795
31618H-36-6	Fid Intl Cap Appr K6	7,897
.....
29.2999 - Total		1,067,912

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Fid Inv Gr Bond (FBNDX)	U.S. Treasury Note .125% 06/30/22	9,138	12/31/2020
Fid Inv Gr Bond (FBNDX)	U.S. Treasury Bill 1.25% 05/15/50	4,569	12/31/2020
Fid Inv Gr Bond (FBNDX)	U.S. Treasury Note .125 % 08/31/22	3,417	12/31/2020
Fid Inv Gr Bond (FBNDX)	U.S. Treasury Note .875% 11/15/30	2,790	12/31/2020
Fid Inv Gr Bond (FBNDX)	U.S. Treasury Bill 1.375% 08/15/50	1,742	12/31/2020
.....	Hannon Armstrong Sustainable Infrastructure Capital .....	.....	.....
Glenmede SMCAP EQ IS (GTCSX) .....	.....	121	12/31/2020
Glenmede SMCAP EQ IS (GTCSX)	II-IV Inc	117	12/31/2020
Glenmede SMCAP EQ IS (GTCSX)	NCR Corp	111	12/31/2020
Glenmede SMCAP EQ IS (GTCSX)	Asbury Automotive Group Inc	111	12/31/2020
Glenmede SMCAP EQ IS (GTCSX)	SPS Commerce Inc	105	12/31/2020
Fid International Capital Appreciation K6 Fund (FAPCX)	Taiwan Semiconductor Mfg Co Lt	205	12/31/2020

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1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
Fid International Capital Appreciation K6 Fund (FAPCX)	Samsung Electronic Co Ltd	197	12/31/2020
Fid International Capital Appreciation K6 Fund (FAPCX)	Tencent Holdings Ltd	197	12/31/2020
Fid International Capital Appreciation K6 Fund (FAPCX)	Nestle S.A.	174	12/31/2020
Fid International Capital Appreciation K6 Fund (FAPCX)	Alibaba Group Hld Ltd Spon Adr	142	12/31/2020
Fid International Index IPR (FSPSX)	Nestle S.A.	121	12/31/2020
Fid International Index IPR (FSPSX)	Roche Holding AG	87	12/31/2020
Fid International Index IPR (FSPSX)	Novartis, AG	75	12/31/2020
Fid International Index IPR (FSPSX)	ASML Holdings NV	75	12/31/2020
Fid International Index IPR (FSPSX)	LVMH Moet Hennessy Luis Vulton	63	12/31/2020
PIF MidCap Fund R6 (PMAQX)	TransDigm Group Inc	314	12/31/2020
PIF MidCap Fund R6 (PMAQX)	Brookfield Asset Management Inc Class A	291	12/31/2020
PIF MidCap Fund R6 (PMAQX)	Copart Inc	210	12/31/2020
PIF MidCap Fund R6 (PMAQX)	Autodesk Inc	207	12/31/2020
PIF MidCap Fund R6 (PMAQX)	Carmax Inc	192	12/31/2020
Harbor Cap App Ret (HACAX)	Amazon.com Inc	17,963	12/31/2020
Harbor Cap App Ret (HACAX)	Apple Inc	17,335	12/31/2020
Harbor Cap App Ret (HACAX)	Tesla Inc.	15,569	12/31/2020
Harbor Cap App Ret (HACAX)	Microsoft Corp	9,179	12/31/2020
Harbor Cap App Ret (HACAX)	Facebook Inc	9,179	12/31/2020
Fid 500 Index IPR (FXAIX)	Apple Inc	813	12/31/2020
Fid 500 Index IPR (FXAIX)	Microsoft Corp	643	12/31/2020
Fid 500 Index IPR (FXAIX)	Amazon.com Inc	534	12/31/2020
Fid 500 Index IPR (FXAIX)	Facebook Inc	255	12/31/2020
Fid 500 Index IPR (FXAIX)	Tesla Inc.	206	12/31/2020
Fid Freedom 2015 K (FFVFX)	Fidelity Series Investment Grade Bond Fund	56,787	12/31/2020
Fid Freedom 2015 K (FFVFX)	Fidelity Series Government Money Market Fund	20,094	12/31/2020
Fid Freedom 2015 K (FFVFX)	Fidelity Series Emerging Markets Opportunities Fund	18,239	12/31/2020
Fid Freedom 2015 K (FFVFX)	Fidelity Series Inflation-Protected Bond Index Fund	16,052	12/31/2020
Fid Freedom 2015 K (FFVFX)	Fidelity Series Intrinsic Opportunities Fund	6,659	12/31/2020
Fid Freedom 2020 K (FFFDX)	Fidelity Series Investment Grade Bond Fund	45,109	12/31/2020
Fid Freedom 2020 K (FFFDX)	Fidelity Series Emerging Markets Opportunities Fund	18,285	12/31/2020
Fid Freedom 2020 K (FFFDX)	Fidelity Series Government Money Market Fund	12,853	12/31/2020
Fid Freedom 2020 K (FFFDX)	Fidelity Series Inflation-Protected Bond Index Fund	12,373	12/31/2020
Fid Freedom 2020 K (FFFDX)	Fidelity Series Intrinsic Opportunities Fund	7,598	12/31/2020
Fid Freedom 2025 K (FFTWX)	Fidelity Series Investment Grade Bond Fund	52,317	12/31/2020
Fid Freedom 2025 K (FFTWX)	Fidelity Series Emerging Markets Opportunities Fund	25,231	12/31/2020
Fid Freedom 2025 K (FFTWX)	Fidelity Series Inflation-Protected Bond Index Fund	14,150	12/31/2020
Fid Freedom 2025 K (FFTWX)	Fidelity Series Intrinsic Opportunities Fund	11,265	12/31/2020
Fid Freedom 2025 K (FFTWX)	Fidelity Series Government Money Market Fund	11,150	12/31/2020
Fid Freedom 2030 K (FSNQX)	Fidelity Series Investment Grade Bond Fund	2,496	12/31/2020
Fid Freedom 2030 K (FSNQX)	Fidelity Series Emerging Markets Opportunities Fund	1,509	12/31/2020
Fid Freedom 2030 K (FSNQX)	Fidelity Series Intrinsic Opportunities Fund	725	12/31/2020
Fid Freedom 2030 K (FSNQX)	Fidelity Series Growth Company Fund	716	12/31/2020
Fid Freedom 2030 K (FSNQX)	Fidelity Series Inflation Protected Bond Index Fund	689	12/31/2020
Fid Freedom 2030 K (FSNQX)	Fidelity Series Emerging Markets Opportunities Fund	10,390	12/31/2020
Fid Freedom 2035 K (FFTHX)	Fidelity Series Investment Grade Bond Fund	6,973	12/31/2020
Fid Freedom 2035 K (FFTHX)	Fidelity Series Intrinsic Opportunities Fund	5,522	12/31/2020
Fid Freedom 2035 K (FFTHX)	Fidelity Series Growth Company Fund	5,460	12/31/2020
Fid Freedom 2035 K (FFTHX)	Fidelity Series International Growth Fund	4,838	12/31/2020
Parnassus Equity IS (PRILX)	Microsoft Corp	1,298	12/31/2020
Parnassus Equity IS (PRILX)	Amazon.com Inc	1,161	12/31/2020
Parnassus Equity IS (PRILX)	Comcast Corp - Class A	979	12/31/2020
Parnassus Equity IS (PRILX)	Danaher Corp	911	12/31/2020
Parnassus Equity IS (PRILX)	Applied Materials Inc	888	12/31/2020
Victory Special Value (SSVSX)	Microsoft Corp	517	12/31/2020
Victory Special Value (SSVSX)	Apple Inc	497	12/31/2020
Victory Special Value (SSVSX)	Alphabet Inc Class C	328	12/31/2020
Victory Special Value (SSVSX)	Amazon.com Inc	325	12/31/2020
Victory Special Value (SSVSX)	SPDR S&P 500 ETF Trust	318	12/31/2020

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GENERAL INTERROGATORIES

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	2,096,527,419	2,190,905,579	94,378,160
30.2 Preferred stocks	528,384	697,998	169,614
30.3 Totals	2,097,055,803	2,191,603,577	94,547,774

30.4 Describe the sources or methods utilized in determining the fair values:
Custodians and Thomson Reuters are the sources for fair values.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
.....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No []

32.2 If no, list exceptions:
.....

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:
a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
b. Issuer or obligor is current on all contracted interest and principal payments.
c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
Has the reporting entity self-designated 5GI securities? Yes [] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
a. The security was purchased prior to January 1, 2018.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
Has the reporting entity self-designated PLGI securities? Yes [] No [X]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:
a. The shares were purchased prior to January 1, 2019.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
d. The fund only or predominantly holds bonds in its portfolio.
e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.
Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes [] No [X]

36. By rolling/renewing short-term or cash equivalent investments with continued reporting on Schedule DA, Part 1 or Schedule E Part 2 (identified through a code (%) in those investment schedules), the reporting entity is certifying to the following:
a. The investment is a liquid asset that can be terminated by the reporting entity on the current maturity date.
b. If the investment is with a nonrelated party or nonaffiliate, then it reflects an arms-length transaction with renewal completed at the discretion of all involved parties.
c. If the investment is with a related party or affiliate, then the reporting entity has completed robust re-underwriting of the transaction for which documentation is available for regulator review.
d. Short-term and cash equivalent investments that have been renewed/rolled from the prior period that do not meet the criteria in 36.a - 36.c are reported as long-term investments.
Has the reporting entity rolled/renewed short-term or cash equivalent investments in accordance with these criteria? Yes [] No [] N/A [X]

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

GENERAL INTERROGATORIES

OTHER

37.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$1,609,667

37.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
American Association of Health Plans	845,595
Blue Cross Blue Shield Association	764,072
.....	

38.1 Amount of payments for legal expenses, if any?\$0

38.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	

39.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$0

39.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [X] No []

1.2

If yes, indicate premium earned on U.S. business only.

\$ 31,123,872

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$ 0

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$ 20,844,541

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 150,267

1.62

Total incurred claims

\$ 106,737

1.63

Number of covered lives

61

All years prior to most current three years:

1.64

Total premium earned

\$ 30,973,605

1.65

Total incurred claims

\$ 20,737,804

1.66

Number of covered lives

10,553

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ 0

1.72

Total incurred claims

\$ 0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$ 0

1.75

Total incurred claims

\$ 0

1.76

Number of covered lives

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

4,097,146,131

4,268,889,775

2.2

Premium Denominator

4,097,146,131

4,268,889,775

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

616,683,280

600,846,751

2.5

Reserve Denominator

616,683,280

600,846,751

2.6

Reserve Ratio (2.4/2.5)

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No [X]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 300,000

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental & Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Hold harmless provisions are included in contracts with providers. BCN has stop-loss coverage through an affiliate which includes an insolvency clause. In addition, BCN holds a state-mandated cash deposit and BCN members have conversion rights to BCBSM coverage.

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

63,725

8.2

Number of providers at end of reporting year

65,840

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [X] No []

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months.

\$ 23,482,845

9.22

Business with rate guarantees over 36 months

\$

28

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GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses.....\$105,473,494

10.22 Amount actually paid for year bonuses.....\$72,491,245

10.23 Maximum amount payable withholds.....\$9,943,809

10.24 Amount actually paid for year withholds.....\$11,248,768

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, Yes [] No []

11.13 An Individual Practice Association (IPA), or, . Yes [X] No []

11.14 A Mixed Model (combination of above)? Yes [] No []

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No []

11.3 If yes, show the name of the state requiring such minimum capital and surplus. Michigan

11.4 If yes, show the amount required. \$ 274,257,884

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]

11.6 If the amount is calculated, show the calculation

The greater of: 4% of subscription revenue: \$4,101,543,403 x 4% = \$164,061,736 or 2 times authorized control level risk-based capital: 2 x \$137,128,942 = \$274,257,884

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
ALCONA
ALGER
ALLEGAN
ALPENA
ANTRIM
ARENAC
BARAGA
BARRY
BAY
BENZIE
BERRIEN
BRANCH
CALHOUN
CASS
CHARLEVOIX
CHEBOYGAN
CHIPPEWA
CLARE
CLINTON
CRAWFORD
DELTA
DICKINSON
EATON
EMMET
GENESEE
GLADWIN
GOGEBIC
GRAND TRAVERSE
GRATIOT
HILLSDALE
HOUGHTON
HURON
INGHAM
IONIA
IOSCO
IRON
ISABELLA
JACKSON
KALAMAZOO
KALKASKA
KENT
KEWEENAW
LAKE
LAPEER
LEELANAU
LENAWEE
LIVINGSTON
LUCE
MACKINAC
MACOMB
MANISTEE
MARQUETTE
MASON
MECOSTA
MENOMINEE
MIDLAND
MISSAUKEE
MONROE
MONTCALM
MONTMORENCY

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1
Name of Service Area
MUSKEGON
NEWAYGO
OAKLAND
OCEANA
OGEMAW
ONTONAGON
OSCEOLA
OSCODA
OTSEGO
OTTAWA
PRESQUE ISLE
ROSCOMMON
SAGINAW
SANILAC
SCHOOLCRAFT
SHIAWASSEE
ST. CLAIR
ST. JOSEPH
TUSCOLA
VAN BUREN
WASHTENAW
WAYNE
WEXFORD

- 13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$0
- 13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 13.4 If yes, please provide the balance of funds administered as of the reporting date. \$0
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [] No [X] N/A []
- 14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
.....

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):
- 15.1 Direct Premium Written \$0
- 15.2 Total Incurred Claims \$0
- 15.3 Number of Covered Lives 0

*Ordinary Life Insurance Includes
Term(whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary gurantee)
Universal Life (with or without secondary gurantee)
Variable Universal Life (with or without secondary gurantee)

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [] No [X]
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No [X]

FIVE-YEAR HISTORICAL DATA

	1 2020	2 2019	3 2018	4 2017	5 2016
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	2,872,294,346	2,649,229,447	2,402,759,194	2,154,410,987	1,864,163,158
2. Total liabilities (Page 3, Line 24)	963,776,665	920,306,004	793,405,219	755,462,978	741,135,729
3. Statutory minimum capital and surplus requirement	274,257,884	284,045,562	267,726,392	224,027,496	213,029,712
4. Total capital and surplus (Page 3, Line 33)	1,908,517,681	1,728,923,443	1,609,353,975	1,398,948,009	1,123,027,429
Income Statement (Page 4)					
5. Total revenues (Line 8)	4,094,481,691	4,252,385,664	4,239,170,787	3,580,954,463	3,399,337,903
6. Total medical and hospital expenses (Line 18)	3,404,269,862	3,603,254,332	3,420,966,912	2,943,352,612	2,848,031,512
7. Claims adjustment expenses (Line 20)	160,422,951	155,332,863	172,017,150	133,534,693	151,081,260
8. Total administrative expenses (Line 21)	481,755,761	473,465,009	440,287,248	309,904,275	343,174,600
9. Net underwriting gain (loss) (Line 24)	43,774,316	(15,166,540)	205,899,477	194,162,883	57,050,531
10. Net investment gain (loss) (Line 27)	88,882,292	90,000,470	45,082,438	50,138,269	37,227,119
11. Total other income (Lines 28 plus 29)	0	0	0	0	358,268
12. Net income or (loss) (Line 32)	132,354,775	74,746,591	250,612,170	242,457,052	93,756,107
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	102,566,518	111,917,126	280,665,011	241,099,446	103,925,272
Risk-Based Capital Analysis					
14. Total adjusted capital	1,908,517,681	1,728,923,443	1,609,353,975	1,398,948,009	1,123,027,429
15. Authorized control level risk-based capital	137,128,942	142,022,781	133,863,196	112,013,748	106,514,856
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	704,385	745,471	738,743	689,351	669,741
17. Total members months (Column 6, Line 7)	8,663,457	8,928,617	8,912,663	8,197,092	8,078,307
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	83.1	84.7	80.7	82.2	83.8
20. Cost containment expenses	1.8	1.8	2.3	2.2	2.2
21. Other claims adjustment expenses	2.1	1.8	1.8	1.6	2.2
22. Total underwriting deductions (Line 23)	98.9	100.4	95.1	94.7	98.3
23. Total underwriting gain (loss) (Line 24)	1.1	(0.4)	4.9	5.3	1.7
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	457,535,254	460,938,186	370,506,869	390,239,236	380,583,171
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	408,416,272	420,826,747	349,161,914	371,212,409	383,517,990
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	14,008,633
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate					
31. All other affiliated	200	200	200	0	0
32. Total of above Lines 26 to 31	200	200	200	0	14,008,633
33. Total investment in parent included in Lines 26 to 31 above.					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?.....

Yes [] No []

If no, please explain:

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Blue Care Network of Michigan

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

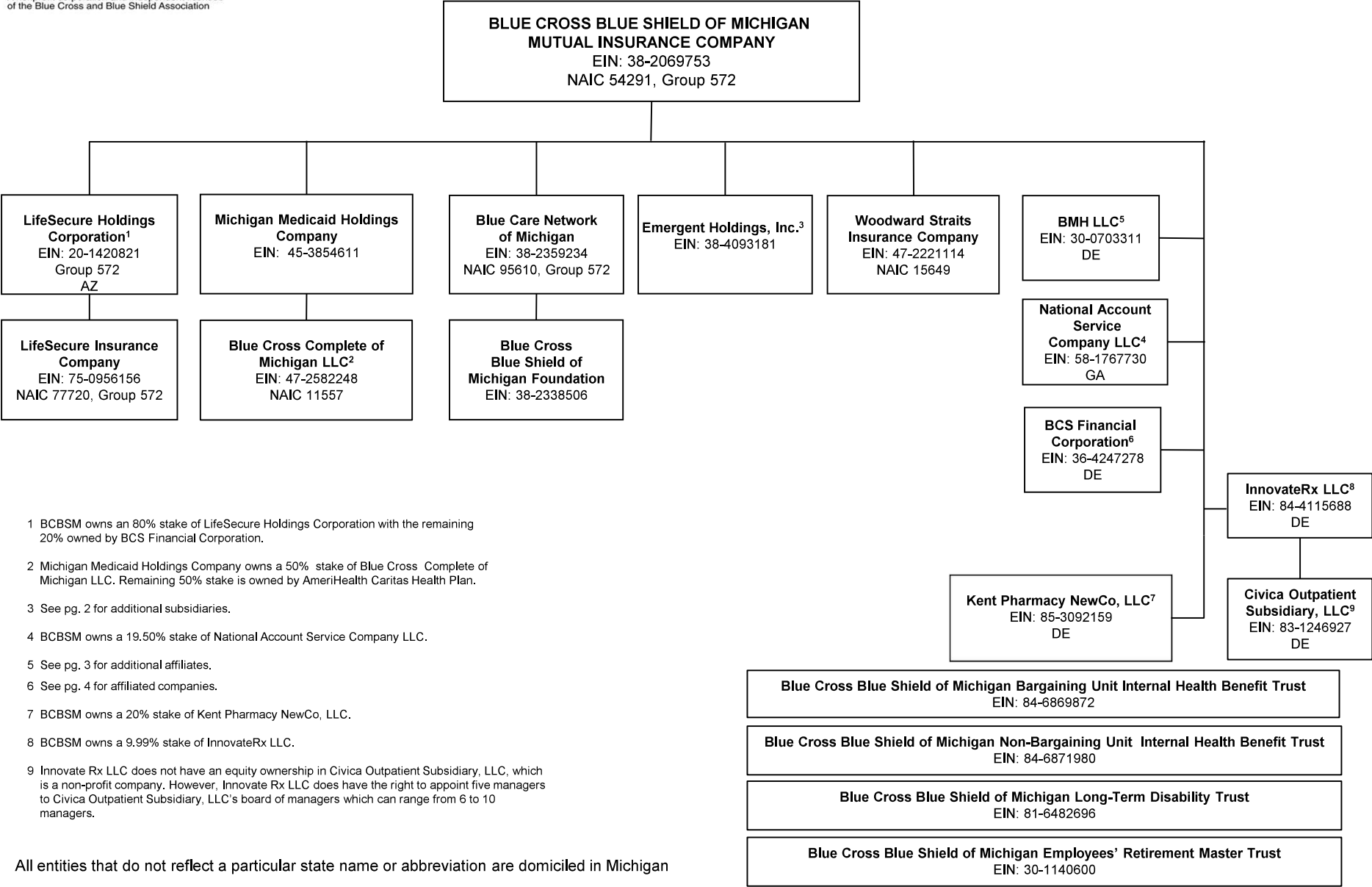
Allocated by States and Territories										
States, etc.	1	Direct Business Only								
		2	3	4	5	6	7	8	9	
	Active Status (a)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts	
1. Alabama	AL	N						0		
2. Alaska	AK	N						0		
3. Arizona	AZ	N						0		
4. Arkansas	AR	N						0		
5. California	CA	N						0		
6. Colorado	CO	N						0		
7. Connecticut	CT	N						0		
8. Delaware	DE	N						0		
9. District of Columbia	DC	N						0		
10. Florida	FL	N						0		
11. Georgia	GA	N						0		
12. Hawaii	HI	N						0		
13. Idaho	ID	N						0		
14. Illinois	IL	N						0		
15. Indiana	IN	N						0		
16. Iowa	IA	N						0		
17. Kansas	KS	N						0		
18. Kentucky	KY	N						0		
19. Louisiana	LA	N						0		
20. Maine	ME	N						0		
21. Maryland	MD	N						0		
22. Massachusetts	MA	N						0		
23. Michigan	MI	L	2,974,055,855	1,014,863,253	112,624,295			4,101,543,403		
24. Minnesota	MN	N						0		
25. Mississippi	MS	N						0		
26. Missouri	MO	N						0		
27. Montana	MT	N						0		
28. Nebraska	NE	N						0		
29. Nevada	NV	N						0		
30. New Hampshire	NH	N						0		
31. New Jersey	NJ	N						0		
32. New Mexico	NM	N						0		
33. New York	NY	N						0		
34. North Carolina	NC	N						0		
35. North Dakota	ND	N						0		
36. Ohio	OH	N						0		
37. Oklahoma	OK	N						0		
38. Oregon	OR	N						0		
39. Pennsylvania	PA	N						0		
40. Rhode Island	RI	N						0		
41. South Carolina	SC	N						0		
42. South Dakota	SD	N						0		
43. Tennessee	TN	N						0		
44. Texas	TX	N						0		
45. Utah	UT	N						0		
46. Vermont	VT	N						0		
47. Virginia	VA	N						0		
48. Washington	WA	N						0		
49. West Virginia	WV	N						0		
50. Wisconsin	WI	N						0		
51. Wyoming	WY	N						0		
52. American Samoa	AS	N						0		
53. Guam	GU	N						0		
54. Puerto Rico	PR	N						0		
55. U.S. Virgin Islands	VI	N						0		
56. Northern Mariana Islands	MP	N						0		
57. Canada	CAN	N						0		
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	2,974,055,855	1,014,863,253	0	112,624,295	0	0	4,101,543,403	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0		
61. Total (Direct Business)	XXX	2,974,055,855	1,014,863,253	0	112,624,295	0	0	4,101,543,403	0	0
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX	0	0	0	0	0	0	0	0	0

(a) Active Status Counts:
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....1 R - Registered - Non-domiciled RRGs.....0
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state.....0 Q - Qualified - Qualified or accredited reinsurer.....0
N - None of the above - Not allowed to write business in the state.....56

(b) Explanation of basis of allocation by states, premiums by state, etc.
By situs of contract.

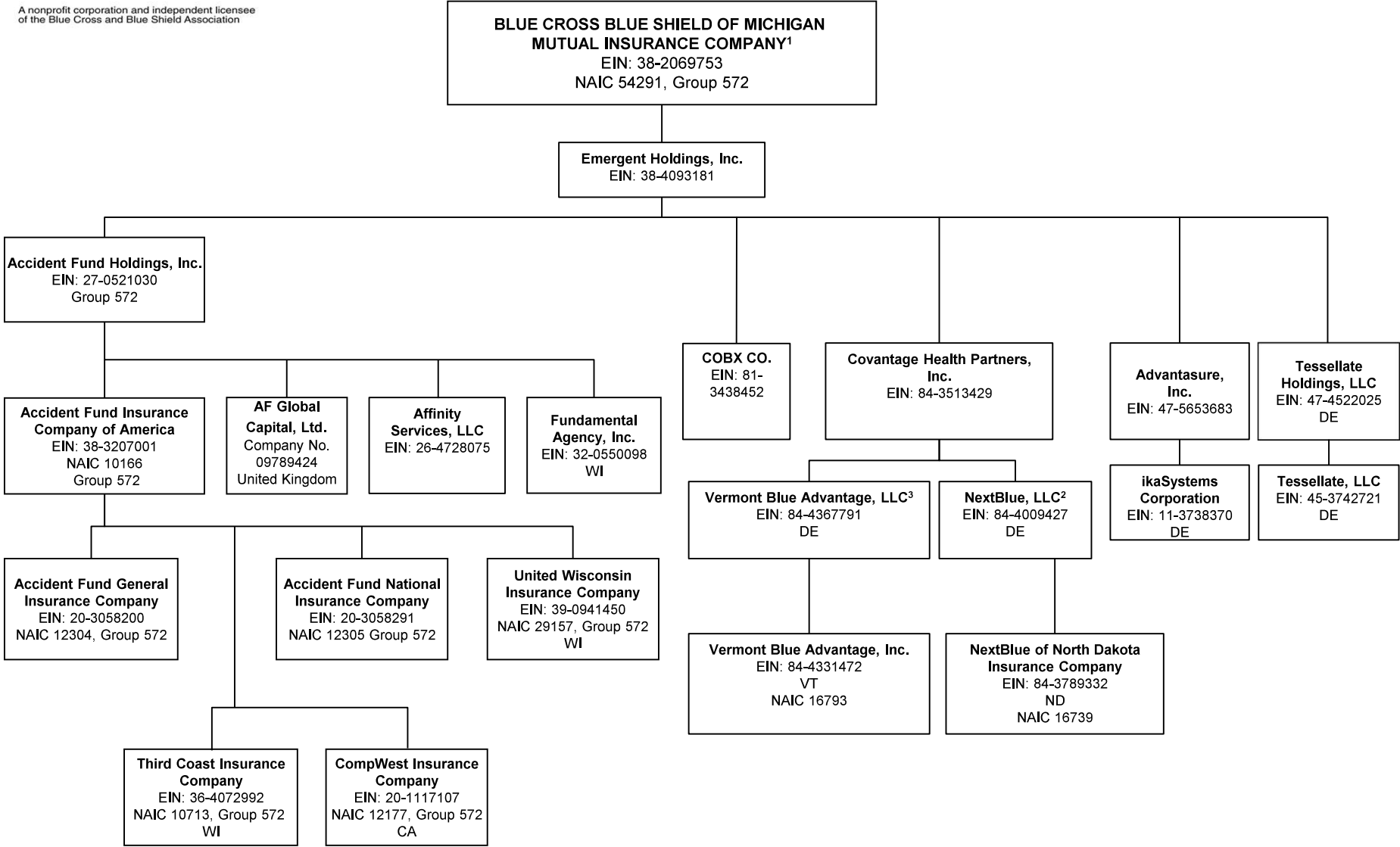


SUBSIDIARY & AFFILIATE ORGANIZATION CHART





SUBSIDIARY & AFFILIATE ORGANIZATION CHART

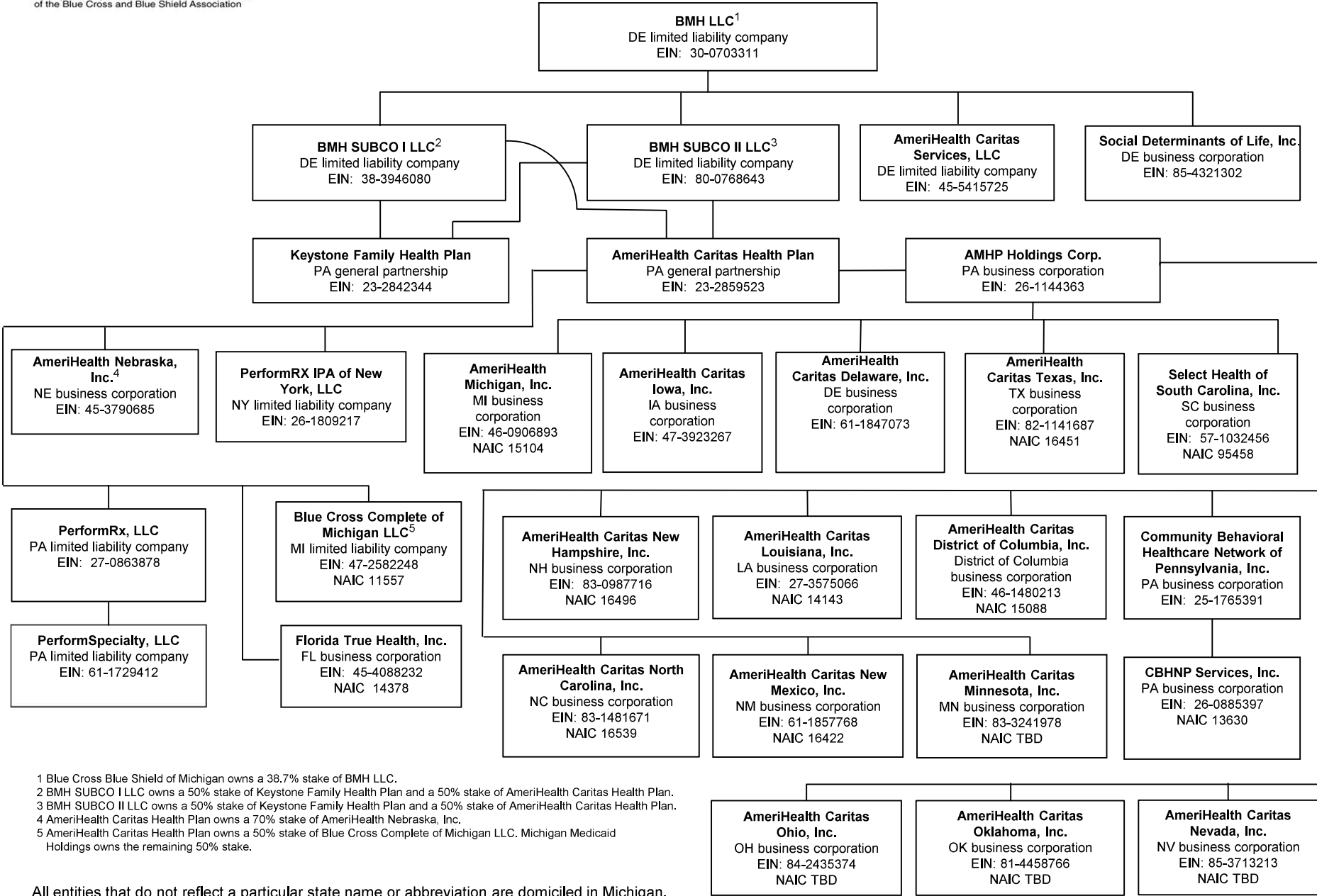


1 See page 1 for additional subsidiaries and affiliates
2 Covantage Health Partners, Inc. owns a 51% stake in NextBlue, LLC
3 Covantage Health Partners, Inc. owns a 51% stake in Vermont Blue Advantage LLC

All entities that do not reflect a particular state name or abbreviation are domiciled in Michigan



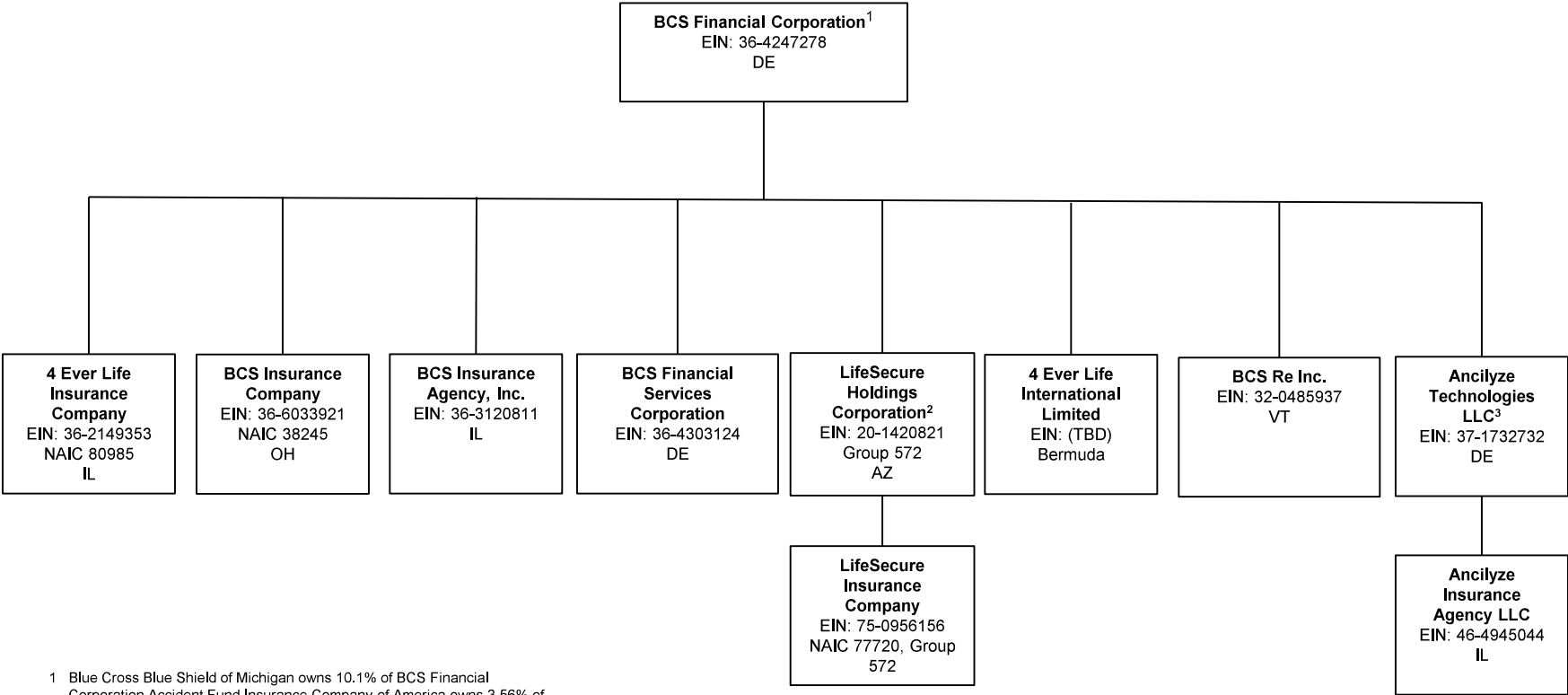
SUBSIDIARY & AFFILIATE ORGANIZATION CHART





A nonprofit corporation and independent licensee
of the Blue Cross and Blue Shield Association

SUBSIDIARY & AFFILIATE ORGANIZATION CHART



1 Blue Cross Blue Shield of Michigan owns 10.1% of BCS Financial Corporation Accident Fund Insurance Company of America owns 3.56% of BCS Financial Corporation.

2 BCS Financial owns a 20% stake in LifeSecure Holdings Corporation with the remaining 80% owned by BCBSM

3 BCS Financial Corporation owns 50% of Ancilyze Technologies LLC.

All entities that do not reflect a particular state name or abbreviation are domiciled in Michigan.

NONE